

Financial statements and report of independent certified public accountants

[Colorado Springs Municipal Airport](#)

December 31, 2008 and 2007

## TABLE OF CONTENTS

	Page
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
FINANCIAL STATEMENTS	
BALANCE SHEETS	16
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS	18
STATEMENTS OF CASH FLOWS	19
NOTES TO FINANCIAL STATEMENTS	21
SUPPLEMENTARY AND OTHER INFORMATION	40
SCHEDULE OF FINANCIAL ACTIVITY OF THE VARIOUS BOND ORDINANCE CREATED FUNDS AND ACCOUNTS FOR THE COLORADO SPRINGS MUNICIPAL AIRPORT	41
AIRLINES SERVING THE AIRPORT	43
HISTORICAL AIRLINE TRAFFIC	44
AIRLINE SHARES OF ENPLANED PASSENGERS	45
HISTORICAL AIRCRAFT LANDED WEIGHT	46
AVERAGE DAILY DEPARTURES BY AIRLINES	48
RECENT TRENDS IN TOTAL AIR CARGO	49
HISTORICAL ANNUAL DEBT SERVICE COVERAGE	50
HISTORICAL NON-AIRLINE REVENUES	51

Report of Independent Certified Public Accountants

The Honorable Mayor and  
Members of City Council  
City of Colorado Springs, Colorado

## Management's Discussion and Analysis (MD&A) (unaudited)

The following management's discussion and analysis of the Colorado Springs Airport's (the Airport) financial performance provides an overview of the financial activities of the Airport for the fiscal years ended December 31, 2008 and 2007. The information contained in this discussion should be considered in conjunction with the financial results, footnotes, and supplemental information in the Airport's financial statements.

The Airport's financial statements are prepared using an accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other standards-setting bodies. The Airport is structured as an enterprise fund of the City of Colorado Springs, with revenues recognized when earned and expenses recognized when incurred. Capital assets are capitalized and (except for land and construction in progress) are depreciated over their useful lives. See notes to the financial statements for a summary of the Airport's significant accounting policies.

Following this MD&A are the financial statements of the Airport together with the notes to the financial statements, which are essential for a full understanding of the data contained herein. The Airport's financial statements are designed to provide readers with a broad overview of the Airport's finances.

### Airport Activities Highlights

The activities of the Airport for the last three calendar years were as follows:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Enplaned Passengers	998,347	1,033,586	1,017,016
% increase (decrease)	-3.41%	1.63%	-1.34%
Aircraft Operations	145,333	155,688	140,958
% increase (decrease)	-6.65%	10.45%	-15.04%
Landed Weight (in thousands)	1,295,914	1,333,830	1,417,293
% increase (decrease)	-2.84%	-5.89%	-7.11%
Freight and Mail (tons)	12,410	13,745	16,302
% increase (decrease)	-9.71%	-17.34%	-2.53%

2008 enplanements were approximately 3.4% below 2007 due to carrier capacity reductions related to higher fuel prices and lower overall passenger demand. The decrease in passenger demand was due to a general decline in the U.S. economy impacting nearly all airports in 2008. Aircraft operations were down 6.7% for the year, primarily because of a 17% decrease in general aviation activity coupled with a 5.6% decrease in air taxi operations. The decrease in general aviation activity is attributed to rising fuel prices and macroeconomic factors. The number of air taxi operations was down due to a loss of several direct flights in the second half of 2008. Landed weight was lower in 2008 compared to 2007 as a result of a decrease in the number of scheduled flights, downsizing of aircraft on several routes, and reduced cargo operations. The Airport was particularly impacted by the withdrawal of DHL from the U.S. domestic shipping market. Prior to the third quarter of 2008,

ABX was providing local freight delivery for DHL at the Airport. The elimination of ABX flights caused a significant reduction in the total landed weight for 2008. Economic conditions along with the cessation of ABX flights led to a 9.71% decrease in deplaned freight and cargo for 2008.

2007 enplanements were approximately 1.6% above 2006 due to new service from ExpressJet and Midwest Airlines. Aircraft operations were higher in 2007 primarily because of an 18% increase in general aviation operations and a 13% increase in military operations. General aviation increased partially because of the reopening of Runway 17L/35R which had been under reconstruction during 2006. Military operations were up because of the return of the local reserve squadrons at Peterson Air Force Base from deployment overseas. Landed weight was lower in 2007 compared to 2006 as a result of a decrease in the number of scheduled flights and cargo operations. Freight and mail decreased from 2007 to 2006 due to a reduction in the number of cargo flights flown by FedEx.

During 2008, eight major air carriers and seven regional carriers supported the Airport with non-stop service to sixteen major cities. In addition, three air cargo operators used the Airport's facilities.

## Financial Highlights

### Summary of Revenues, Expenses and Changes in Fund Net Assets

	2008	2007	\$ Increase (Decrease)	2006	\$ Increase (Decrease)
Operating revenues	\$ 21,952,902	\$ 21,536,567	\$ 416,335	\$ 21,542,019	\$ (5,452)
Operating expenses	<u>14,537,476</u>	<u>14,722,292</u>	<u>(184,816)</u>	<u>13,804,532</u>	<u>917,760</u>
Excess before depreciation and other income, net	7,415,426	6,814,275	601,151	7,737,487	(923,212)
Depreciation and amortization	<u>8,865,801</u>	<u>7,152,731</u>	<u>1,713,070</u>	<u>8,552,544</u>	<u>(1,399,813)</u>
Operating income (loss)	(1,450,375)	(338,456)	(1,111,919)	(654,644)	(815,057)
Net non-operating income	3,587,173	2,344,292	1,242,881	(17,267,116)	19,611,408
Capital grants and contr.	<u>8,783,006</u>	<u>10,138,009</u>	<u>(1,355,003)</u>	<u>35,381,253</u>	<u>(25,243,244)</u>
Change in net assets	10,919,804	12,143,845	(1,224,041)	6,821,481	(5,155,235)
Net assets at beginning of year	<u>208,304,995</u>	<u>196,161,150</u>	<u>17,299,080</u>	<u>178,862,070</u>	<u>17,299,080</u>
Net assets at end of year	<u>\$ 219,224,799</u>	<u>\$ 208,304,995</u>	<u>\$10,919,804</u>	<u>\$ 196,161,150</u>	<u>\$ 12,143,845</u>

Significant items affecting the Summary of Revenues, Expenses and Changes in Fund Net Assets for 2008 are as follows:

- ➔ Despite a decrease in passenger traffic, operating revenues were higher in 2008 due primarily to an increase in fuel tax revenue and additional ground rents from the development of general aviation parcels and revenue from the Airport's Business Park.
- ➔ Operating expenses decreased as compared to 2007 as a result of management's efforts to reduce operating and maintenance expenditures in response to higher supply costs. The reduction in expenditures allowed the Airport to stabilize airline rates and charges.
- ➔ The net result of the above was operating income before depreciation increased by \$601,151 for 2008. Depreciation and amortization in 2008 increased from \$7,152,731 to \$8,865,801 due to additions in Airport capital assets subject to depreciation.

- ➔ Non-operating revenues increased from \$2,344,292 in 2007 to \$3,587,173 in 2008. The change relates to a loss on disposal of capital assets in 2007, attributable to the disposal of runway lighting and snow removal equipment. In addition, the Airport's investment income increased by 8.6% due to an increase related to mark to market adjustments. Interest expense increased by 9.9% as a result of new loans from the Colorado Department of Transportation for two capital improvement projects. The principal and interest payments on the loans are funded through the Passenger Facility Charges.
- ➔ Capital grant and contribution revenues totaled \$8,783,006 and \$10,138,009 in 2008 and 2007, respectively. The decrease is primarily due to capital reimbursements received in 2007 from the FAA on the Airport's reconstruction of the east runway.
- ➔ For 2008, net assets increased \$10,919,804 as the result of the above activity, resulting in total net assets at the end of 2008 totaling \$219,224,799.

Significant items affecting the Summary of Revenues, Expenses and Changes in Fund Net Assets for 2007 are as follows:

- ➔ Although the Airport experienced an increase in passenger traffic in 2007, operating revenues decreased \$5,452 from 2006 due primarily to a decrease in airline revenue. Gate usage fees collected for the use of City gates decreased by 39%. Airlines utilized fewer City gates in 2007 by operating more of their daily flights at their leased gates. In addition, the Airport collected \$107,851 less in remain over night fees as compared to 2006. As operating costs continue to rise, airlines have reduced the number of aircraft they park on the Airport's ramp overnight in order to avoid paying an additional parking fee.
- ➔ Operating expenses increased by \$917,760 as compared to 2006, primarily due to an increase in personnel costs and runway maintenance expenditures. The Airport's east runway was closed in 2006 for rehabilitation during which time no maintenance expenses were incurred.
- ➔ The net result of the above was operating income before depreciation decreased by \$923,212 for 2007. Depreciation and amortization in 2007 decreased from \$8,552,544 to \$7,152,731 due to reductions in Airport capital assets subject to depreciation.
- ➔ Non-operating revenues increased from a non-operating loss of \$17,267,116 in 2006 to a non-operating gain of \$2,344,292 in 2007. The change from 2006 to 2007 relates to a loss on disposal of capital assets in 2006, attributable to the removal of the east runway from the Airport's capital assets. In addition, the Airport's investment income increased by 31% and interest expense decreased by 15% as a result of savings realized from a bond refunding completed in 2007.
- ➔ Capital grant and contribution revenues registered \$10,138,009 and \$35,381,253 in 2007 and 2006, respectively. The decrease is primarily due to capital reimbursements received in 2006 from the FAA on the Airport's reconstruction of the east runway. The project was completed in early 2007.
- ➔ For 2007, net assets increased \$12,143,845 as the result of the above activity, resulting in total net assets at the end of 2007 totaling \$208,304,995.

## Financial Position Summary

	<u>2008</u>	<u>2007</u>	<u>% Change</u>	<u>2006</u>	<u>% Change</u>
Current assets (including restricted cash)	\$ 44,310,774	\$ 38,205,170	15.98%	\$ 40,572,779	-5.84%
Restricted Investments	5,843,951	5,604,162	4.27%	5,834,683	-3.95%
Bond issue cost (net)	762,178	852,254	-10.57%	601,441	41.70%
Note Receivable	2,104,165	2,138,585	-1.61%	1,288,586	65.96%
Property and equipment (net)	229,486,949	226,671,589	1.24%	218,114,849	3.92%
<b>Total Assets</b>	<b>\$ 282,508,017</b>	<b>\$ 273,471,760</b>	<b>3.30%</b>	<b>\$ 266,412,338</b>	<b>2.65%</b>
Current Liabilities	\$ 9,624,825	\$ 8,837,681	8.91%	\$ 15,850,853	-44.24%
Long-term debt (less current portion)	53,268,375	55,895,648	-4.70%	54,015,356	3.48%
Other non-current liabilities	390,018	433,436	-10.02%	384,979	12.59%
Net Assets:					
Invested in capital assets (net of debt)	182,016,400	176,326,065	3.23%	166,123,866	6.14%
Restricted	15,655,051	14,126,427	10.82%	13,824,516	2.18%
Unrestricted	21,553,348	17,852,503	20.73%	16,212,768	10.11%
<b>Net Assets</b>	<b>219,224,799</b>	<b>208,304,995</b>	<b>5.24%</b>	<b>196,161,150</b>	<b>6.19%</b>
<b>Total Liabilities and net assets</b>	<b>\$ 282,508,017</b>	<b>\$ 273,471,760</b>	<b>3.30%</b>	<b>\$ 266,412,338</b>	<b>2.65%</b>

The largest portion of the Airport's net assets each year represents its investment in capital assets less the related indebtedness outstanding used to acquire those capital assets. The Airport uses these capital assets to provide services to its passengers and visitors; consequently these assets are not available for future spending. Although the Airport's investment in its capital assets is reported net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since it is unlikely that the capital assets themselves will be liquidated to pay liabilities.

At December 31, 2008, the amount of \$15.7 million or 7.1% of net assets represented resources that are subject to restrictions on how they can be used. For 2007, the amount was \$14.1 million or 6.8%. These restricted net assets are not available for new spending because they have already been committed as follows:

	<u>2008</u>	<u>2007</u>
Passenger Facility Charges	\$ 3,633,022	\$ 2,531,039
Bond and Operating and Maintenance Reserves	<u>12,022,029</u>	<u>11,595,388</u>
<b>Total Restricted</b>	<b>\$ 15,655,051</b>	<b>\$ 14,126,427</b>

The remaining unrestricted net assets of \$21.6 million and \$17.9 million for 2008 and 2007, respectively, may be used to meet any of the Airport's ongoing obligations.

## **Airline Signatory Rates and Charges for 2008 and 2007**

The Airport and fourteen (14) airlines and cargo carriers negotiated an agreement effective January 1, 2000, for five years, which establishes how the airlines will be assessed annual rates and charges for their use of the Airport. The agreement establishes rates and charges through a hybrid commercial compensatory methodology with a revenue sharing component. The final rates and charges for the signatory airlines were as follows (2008 rates are finalized after the issuance of these financial statements):

	<b>Year Ended December 31,</b>	
	<b><u>2008</u></b>	<b><u>2007</u></b>
Landing fees (per 1,000 lbs MGLW)	\$ 1.93	\$ 1.97
Terminal rental rate (per sq ft)	\$ 56.20	\$ 53.01
Loading bridge rate (per bridge)	\$ 50,480	\$ 50,130
Signatory airline cost (per enplaned passenger)	\$ 7.48	\$ 6.71

The airline derived revenue per enplaned passenger is calculated after the settlement of all rates and charges adjustments based on actual revenues and expenditures and inclusion of the net revenue sharing credited to the airlines, which was \$2,070,338 (preliminary) and \$2,141,616 in 2008 and 2007, respectively.

During 2004, the Airport and the airlines successfully negotiated an extension of the existing Use and Lease Agreement is effective from January 1, 2005, through December 31, 2009, with similar terms and conditions.

### **Passenger Facility Charges**

In December 1992, the Airport received approval from the Federal Aviation Administration (the FAA) to collect a \$3.00 passenger facility charge (PFC) on each passenger enplaning at the Airport. The Airport has collected PFCs including interest earnings thereon, totaling \$55,273,026 and \$52,904,852 through the years ended December 31, 2008 and 2007, respectively. Additional information regarding PFCs can be found in Note A(3) of the accompanying financial statements.

### **Customer Facility Charges**

In 1994, the City of Colorado Springs issued \$6,093,000 aggregate principal amount of its Special Facility Bonds to finance the construction of service and storage facilities for rental car companies located on the Airport. The customer facility charge (CFC) was originally established to pay the debt service and expired on September 1, 2004. When the bonds were retired, there was an excess within the fund of \$3,576,541. Per the bond documents, these funds were given to the Airport where \$250,000 was set aside as reserved funds per the rental car agreement and the remaining was recorded as CFC revenue on the financial statements.

An ordinance (04-32) was approved by the City Council on March 23, 2004, allowing the Airport to continue to collect the CFC. The collection rate of \$1.50 per rental car contract date remains in effect. The rate cannot exceed \$2.50 per rental car contract date without City Council approval.

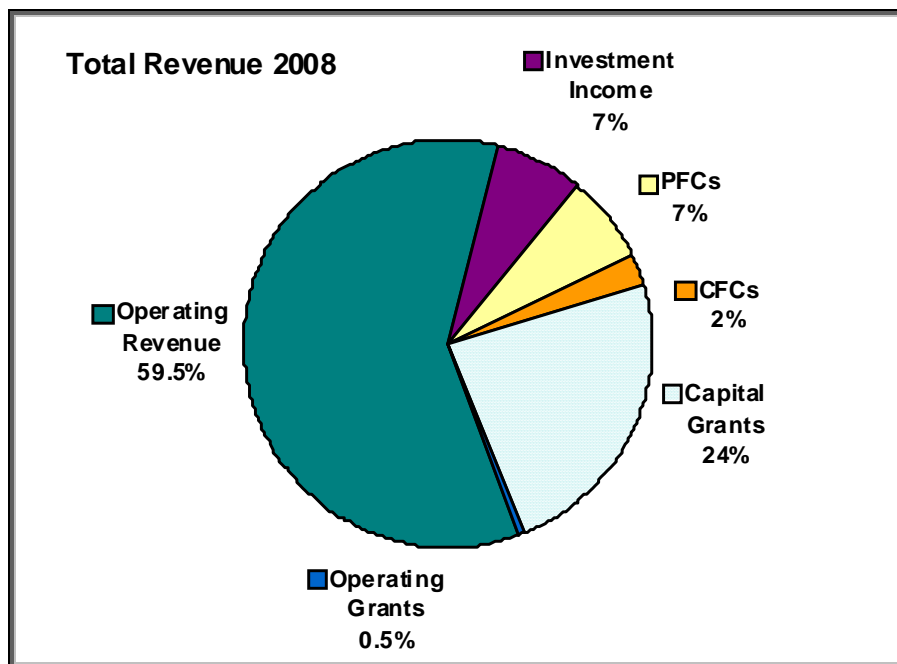


## Financial Details

### Revenues Overview:

The following schedule presents a summary of all revenues for the fiscal years ended December 31, 2008 and 2007 with a comparison of changes in dollar amounts to the previous years.

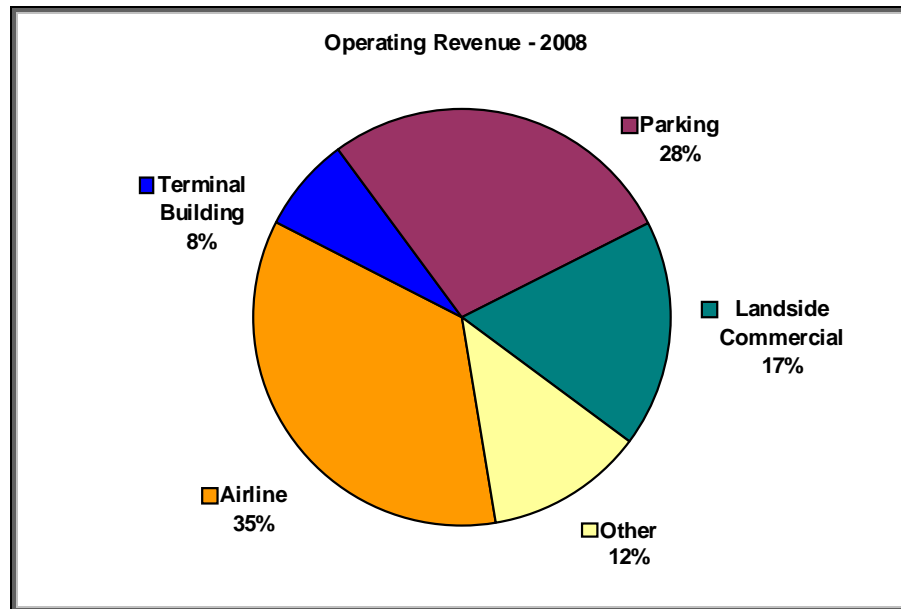
	<u>Year End</u> <u>12/31/2008</u>	<u>Year End</u> <u>12/31/2007</u>	<u>\$ Increase/</u> <u>(Decrease)</u>	<u>Year End</u> <u>12/31/2006</u>	<u>\$ Increase</u> <u>(Decrease)</u>
<b>Operating Revenues</b>					
Airline	\$ 7,756,771	\$ 7,797,852	\$ (41,081)	\$ 8,176,697	\$ (378,845)
Terminal Building	1,658,480	1,678,165	(19,685)	1,563,151	115,044
Parking	6,097,045	6,256,899	(159,854)	6,181,680	75,219
Landside Commercial	3,811,036	3,842,896	(31,860)	3,830,488	12,408
Other	2,629,570	1,960,755	668,815	1,790,033	170,722
<b>Total Operating Revenues</b>	<b>21,952,902</b>	<b>21,536,567</b>	<b>416,335</b>	<b>21,542,019</b>	<b>(5,452)</b>
<b>Other Income</b>					
Investment Income	2,819,577	2,375,506	444,071	1,819,501	556,005
Passenger Facility Charges	2,600,846	2,833,167	(232,321)	2,755,309	77,858
Customer Facility Charges	865,928	996,495	(130,567)	945,662	50,833
Operating Grant	175,797	166,581	9,216	168,487	(1,906)
Capital Grants	8,752,047	8,411,479	340,568	32,826,799	(24,415,320)
Capital Contributions	30,959	1,726,530	(1,695,571)	2,554,454	(827,924)
<b>Total Other Income</b>	<b>15,245,154</b>	<b>16,509,758</b>	<b>(1,264,604)</b>	<b>41,070,212</b>	<b>(24,560,454)</b>
<b>TOTAL INCOME</b>	<b>\$ 37,198,056</b>	<b>\$ 38,046,325</b>	<b>\$ (848,269)</b>	<b>\$ 62,612,231</b>	<b>\$(24,565,906)</b>



## Operating Revenues:

Significant items for 2008 as compared to 2007 were as follows:

- ➔ Total operating revenue increased by \$416,335. The increase was primarily due to higher fuel tax revenues and new ground rents generated by the Airport Business Park and general aviation expansion.
- ➔ Airline revenue decreased as a result of management's efforts to curb expenses charged to the airlines via rates and charges in order to offset rising fuel prices. Vacancies created by the departure of Midwest and Mesa Airlines contributed to the decline in terminal rents. Parking and landside commercial revenue were down due to a combination of lower passenger levels and weakening U.S. economic conditions.



Significant items for 2007 as compared to 2006 were as follows:

- ➔ Total operating revenue decreased by \$5,452. The decrease was primarily due to a \$378,845 decline in airline revenue. Commercial airlines paid \$181,353 and \$107,851 less in gate usage and remain over night fees in 2007 compared to 2006. In response to rising fuel costs, passenger airlines have turned to higher gate utilization at their leased gates to avoid additional gate usage fees at City gates. In addition, fewer aircraft are prepositioned for morning departures which reduce the number of overnight parking instances. Landing fees collected were \$187,053 lower than 2006 primarily due to a reduction in the number of cargo flight operations.
- ➔ The decrease in airline revenue was partially offset by an increase of \$115,044 in terminal building concession revenues. The increase was a result of higher sales experienced by most of the terminal passenger concession outlets. The first full year of sales for the Airport's new food

and beverage and retail sales concessions were contributing factors. Passenger response to the new concession facilities has been overwhelmingly positive.

- ➔ Other revenues increased by \$170,722 primarily due to an increase in both ground rent and miscellaneous revenues collected from tenants. A substantial portion of the increase was due to reimbursements from tenants related to tenant finishes for leased space.

**Other Income:**

The significant items for 2008 as compared to 2007 are as follows:

- ➔ Investment income increased by approximately \$444,071 from 2007, due to mark to market adjustments and an increase in the total cash on hand.
- ➔ Passenger Facility Charges and Customer Facility Charges decreased by \$232,321 and \$130,467 respectively, as a result of declining enplanement.
- ➔ Capital contributions decreased by \$1,695,571 in 2008 as compared to 2007. In 2007, the Airport received reimbursements from two Business Park tenants for infrastructure improvements. The project was completed in 2007.

The significant items for 2007 as compared to 2006 are as follows:

- ➔ Investment income increased by approximately \$556,005 from 2006, due to higher interest rates earned on the Airport’s bond reserve funds and other pooled investments.
- ➔ Capital grants revenue decreased by \$24,415,320 in 2007 as compared to 2006. This decrease is the result of approximately \$32 million in grants that was received from the FAA in 2006 for the Airport’s demolition and rehabilitation of its 13,500 foot runway.
- ➔ Capital contributions decreased by \$827,924 in 2007 as compared to 2006. In 2006, the Airport began construction on infrastructure improvements related to the Airport Business Park. The Airport was reimbursed by the first two tenants in the park. The majority of the improvements and related reimbursements were received in 2006.

**Expense Overview:**

The following schedule presents a summary of all expenses for the fiscal years ended December 31, 2008 and 2007, along with comparisons in dollars to the prior years.

	<u>Year End</u> <u>12/31/2008</u>	<u>Year End</u> <u>12/31/2007</u>	<u>\$ Increase/</u> <u>(Decrease)</u>	<u>Year End</u> <u>12/31/2006</u>	<u>\$ Increase</u> <u>(Decrease)</u>
<b>Operating Expenses</b>					
Salaries and Benefits	\$ 7,859,201	\$ 7,762,583	\$ 96,618	\$ 7,477,470	\$ 285,113
Other Operating Expenses	6,678,275	6,959,709	(281,434)	6,327,062	632,647
<b>Total Operating Expenses</b>	<u>14,537,476</u>	<u>14,722,292</u>	<u>(184,816)</u>	<u>13,804,532</u>	<u>917,760</u>

Depreciation and gain or loss on disposal of capital assets	8,865,801	8,554,308	311,493	28,408,409	(19,854,101)
Interest Expense	2,886,778	2,625,880	260,898	3,100,210	(474,330)
<b>TOTAL EXPENSES</b>	<b>\$26,290,055</b>	<b>\$25,902,480</b>	<b>\$ 387,575</b>	<b>\$45,313,151</b>	<b>\$(19,410,671)</b>

The significant issues affecting 2008 expenses as compared to 2007 were as follows:

- ➔ Other operating expenses were approximately \$281,434 lower in 2008 compared to 2007. Management initiated a phased expenditure reduction plan to mitigate the impact of higher fuel costs and a weakening economy.
- ➔ Depreciation expense and gain or loss on disposal of capital assets was \$311,493 higher than 2007 due to the addition of capital assets.
- ➔ Interest expense for 2008 was approximately \$260,898 higher than 2007 primarily due to interest payments on two loans from the Colorado Department of Transportation. These loans were used to fund Airport improvement projects and are being repaid with PFCs.

The significant issues affecting 2007 expenses as compared to 2006 were as follows:

- ➔ Other operating expenses were approximately \$632,647 higher in 2007 compared to 2006. Additional details of operating expenses and explanations of variances are provided below under Expense by Category.
- ➔ Depreciation expense and gain or loss on disposal of capital assets was \$19,854,101 lower than 2006 due to a higher loss on the disposal of assets in 2006 including the demolition of the Airport's 13,500 foot runway.
- ➔ Interest expense for 2007 was approximately \$474,300 lower than 2006 primarily due to a refunding of the Airport's 1996 Series A and B revenue bonds in April 2007 resulting in lower annual debt service payments. In addition, the Airport's debt amortization schedule applies a greater portion of the substantially level debt service payments toward principal and less toward interest each year on the remaining outstanding bonds.

### Expense by Category:

The following chart shows the operating expenses by category for the years ended December 31, 2008 and 2007.

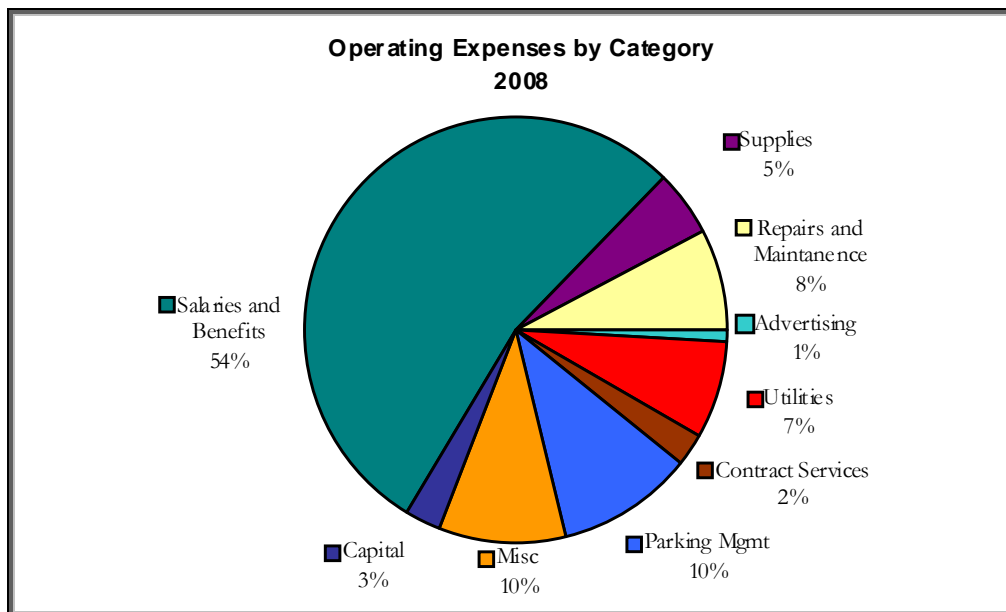
	<b>2008</b>	<b>2008</b>	<b>2007</b>	<b>\$ Increase/</b>	<b>2007</b>
	<b>Totals</b>	<b>% of Total</b>	<b>Totals</b>	<b>(Decrease)</b>	<b>% of Total</b>
Salaries and Benefits	\$ 7,859,201	54.06%	\$ 7,762,583	\$ 96,618	52.73%
Supplies	729,738	5.02%	656,385	73,353	4.46%
Repairs and Maintenance	1,150,529	7.91%	1,209,781	(59,252)	8.22%
Advertising	94,875	0.65%	94,547	328	0.64%
Utilities	1,079,952	7.43%	1,019,219	60,733	6.92%
Contract Services	338,333	2.33%	273,578	64,755	1.86%
Parking Management	1,510,889	10.40%	1,478,790	32,099	10.04%
Miscellaneous	1,378,342	9.48%	1,142,086	236,256	7.76%
Capital Expenditures	395,617	2.72%	1,085,323	(689,706)	7.37%
<b>TOTAL EXPENSES</b>	<b>\$ 14,537,476</b>	<b>100.00%</b>	<b>\$ 14,722,292</b>	<b>\$ (184,816)</b>	<b>100.00%</b>

The significant variances between 2008 and 2007 expenses by category were the result of:

- ➔ Miscellaneous expenses increased by \$236,256 in 2008, primarily due to an increase in bad debt expense related to the business dissolution of JFC Dollar/Thrifty Car Rental.
- ➔ Capital expenditures were \$689,706 lower in 2008 due to the capitalization of a greater portion of assets as compared to 2007.

The significant variances between 2007 and 2006 expenses by category were the result of:

- ➔ Salaries and benefits increased \$285,113 in 2007 due to salary progressions and a City wide cost of living increase.
- ➔ Repairs and maintenance increased \$302,969 primarily due to the reopening of Runway 17L/35R, resulting in routine maintenance that was not required in 2006 while the runway was under reconstruction. In addition, fleet maintenance expenses increased by \$83,694 as a result of higher maintenance needs caused by heavy winter storms.
- ➔ Contract services decreased \$150,436 from 2006 as the need for external professional services was reduced. A significant factor was the completion of the Airport's new perimeter security system allowing for the change from manned to automated security gates.
- ➔ Miscellaneous expenses decreased by \$187,197 in 2007, primarily due to a decrease in the administrative fees paid to the City for centralized services. Several City services were converted to a direct billing format and are included in other expenditure categories for 2007.
- ➔ Capital expenditures were \$625,558 higher than 2006 due to the capitalization of a smaller portion of assets as compared to 2006.



## Budgetary Highlights

	<u>2008</u> <u>Budget</u>	<u>2008</u> <u>Actual</u>	<u>% Over/</u> <u>(Under)</u>	<u>2007</u> <u>Budget</u>	<u>2007</u> <u>Actual</u>	<u>% Over/</u> <u>(Under)</u>
<b>Operating Revenues</b>						
Airline Revenues	\$ 9,568,921	\$ 7,756,771	-18.94%	\$ 8,926,780	\$ 7,797,852	-12.65%
Other Operating Revenues	14,886,556	14,196,131	-4.64%	13,891,300	13,738,715	-1.10%
<b>Total Operating Revenues</b>	<u>24,455,477</u>	<u>21,952,902</u>	<u>-11.93%</u>	<u>22,818,080</u>	<u>21,536,567</u>	<u>-5.62%</u>
Total Operating Expenses	15,556,373	14,722,292	-5.36%	15,130,219	14,722,292	-2.70%
<b>Total Operating Income</b>	<u>\$ 8,899,104</u>	<u>\$ 7,230,610</u>	<u>-18.75%</u>	<u>\$ 8,134,536</u>	<u>\$ 6,814,278</u>	<u>-16.23%</u>

The significant variances related to 2008 budget and actual figures were as follows:

- ➔ Airline revenues were approximately 18.94% less than budgeted. The Airport experienced fewer landings than originally anticipated at the time the 2008 budget was prepared, and the departure of Midwest and Mesa Airlines caused a decrease in terminal rents as compared to budget.

The significant variances related to 2007 budget and actual figures were as follows:

- ➔ Airline revenues were approximately 12.65% less than budgeted. The Airport experienced fewer landings than originally anticipated at the time the 2007 budget was prepared, and the actual landing fee charged was lower than forecasted in the budget. The largest contributor to fewer landings and lower landed weight was a reduction in the number of cargo operations in 2007 as compared to 2006.

## Long-Term Debt

The Airport had \$51,699,494 and \$54,735,426 in bonds outstanding in six series of bonds; 2007A, 2007B, 2002A, and 1992C as of December 31, 2008 and 2007, respectively. The bonds are payable solely from net revenues of the Airport system and from certain funds established under the bond ordinance.

Additional information regarding the Airport's outstanding bonds can be found in Note C(3) of the accompanying notes.

In May of 2006, the Airport signed a loan agreement with U.S. Bank to fund infrastructure improvements to a parcel of land in the Airport Business Park. Loan payments will be funded through a surcharge that will be collected from the tenant per the terms of a lease negotiated in June of 2006. On December 31, 2008 and 2007, the outstanding balance on the loan was \$2,245,143 and \$2,177,442 respectively.

In December of 2007, the Airport entered into a loan agreement with the Colorado Department of Transportation to fund improvements to the public roadway system and related signage. On December 31, 2008 and 2007, the outstanding balance on the loan was \$3,043,228 and \$3,500,000 respectively. The loan will be repaid with PFC revenues.

In July of 2008, the Airport entered into a loan agreement with the Colorado Department of Transportation to purchase equipment to enhance snow removal operations. On December 31,

2008, the outstanding balance on the loan was \$600,000. The loan will be repaid with PFC revenues.

The Airport currently has public bond ratings from the three major rating agencies. Currently the rates are as follows:

	Fitch		Moody's		S & P	
Airport Revenue Bonds	A-	Stable	A3	Stable	A-	Stable

### Capital Acquisition and Construction Activities

During fiscal years ended December 31, 2008 and 2007, the Airport expended approximately \$12 million and \$18 million in capital activities, respectively. Major construction projects in 2008 included the rehabilitation of Taxiway E, G and H (Phase II), continuing work on the lighting system of Runway 17L/34R, bag belt modifications, terminal seating and the modernization of the communications center. Property and equipment acquisitions are capitalized at cost if over \$5,000.

Major capital projects for the years ended December 31 included:

	<u>2008</u>	<u>2007</u>
Rehabilitation of Taxiway E, G (Phase I)	74,127	4,233,227
Demolition of Old Terminal	184,610	-
Rental Car/ Public Parking/ Roadway Improvements	173,679	3,760,200
Resurface Airport Entry/Exit Roads	24,606	1,582,611
Vehicle Service Road	7,261	118,708
WAD - Roads	4,516	39,964
Terminal Expansion Improvements	13,215	12,330
Business Park Development	85,568	1,666,187
Rehabilitation of Taxiway E, G (Phase II)	8,419,540	-
Aviation Way Expansion	156,307	325,471
Interior Signage	25,145	-
Security Modifications	-	936,765
DAR Roads	99,943	-
Roadway Signage	21,369	21,104
Runway 17L/35R Rehabilitation	793,330	2,443,637
WAD Taxilane	-	4,745
SkyWest Access Road	155,000	-
Rehab of Taxiway E (Design)	139,370	665,148
Airport Drainage Improvements	31,678	747,193
Modernization of Communications Center	255,587	-
Terminal Seating	273,893	-
Carpet Replacement	198,011	-
Remodel Administrative Offices	5,147	9,337
Bag Belt Modifications	364,866	142,505
Vehicle Service Road (East Perimeter)	23,871	320,684

Runway Fog Seal	165,237	109,494
South GA Taxilane	245	403,685
Miscellaneous other Airport Improvements	<u>56,294</u>	<u>152,694</u>
Total	\$ 11,752,415	\$ 17,695,686

Acquisitions are funded using a variety of financing techniques, including federal grants, passenger facility charges, customer facility charges, issuance of airport system revenue bonds and the Airport's capital fund.

Additional information regarding capital assets can be found in Note C(2).

### **Request for Information**

This financial report is designed to provide a general overview of the Airport's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to: Gisela Shanahan, Assistant Director of Aviation - Finance & Administration, Colorado Springs Airport, 7770 Milton E. Proby Parkway, Suite 50, Colorado Springs, Colorado, 80916 or by email to [gshanahan@springsgov.com](mailto:gshanahan@springsgov.com).



Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
BALANCE SHEETS  
December 31, 2008 and 2007

	2008	2007
ASSETS		
CURRENT ASSETS		
Unrestricted cash and investments	\$ 31,663,602	\$ 26,937,644
Restricted cash and investments	9,811,100	8,522,265
Accounts receivable	<u>2,836,072</u>	<u>2,745,261</u>
Total current assets	<u>44,310,774</u>	<u>38,205,170</u>
NONCURRENT ASSETS		
Restricted assets		
Investments	<u>5,843,951</u>	<u>5,604,162</u>
Unamortized bond issuance costs	<u>762,178</u>	<u>852,254</u>
Note Receivable	<u>2,104,165</u>	<u>2,138,585</u>
Capital assets		
Land	18,423,581	18,423,581
Buildings	93,684,799	93,383,200
Improvements other than buildings	131,089,774	86,235,567
Machinery and equipment	7,838,585	7,209,195
Infrastructure	22,164,329	16,795,306
Vehicles	3,901,310	3,927,794
Construction in progress	31,910,762	71,635,022
Less accumulated depreciation	<u>(79,526,191)</u>	<u>(70,938,076)</u>
Total capital assets (net of accumulated depreciation and amortization)	<u>229,486,949</u>	<u>226,671,589</u>
Total noncurrent assets	<u>238,197,243</u>	<u>235,266,590</u>
Total assets	<u>\$282,508,017</u>	<u>\$273,471,760</u>

The accompanying notes are an integral part of these statements.

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
BALANCE SHEETS  
December 31, 2008 and 2007

	2008	2007
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of revenue bonds payable	\$ 2,878,094	\$ 3,068,236
Current portion of notes payable	588,148	477,037
Accrued interest payable	8,765	8,765
Accounts payable	4,097,214	3,337,685
Accrued salaries, benefits	719,052	606,931
Due to other City funds	29,143	-
Deferred revenue and other tenant deposits	1,321,086	1,339,027
Total current liabilities	9,641,502	8,837,681
NONCURRENT LIABILITIES		
Revenue bonds payable	47,951,475	50,695,243
Notes Payable	5,300,223	5,200,405
Accrued sick leave benefits	390,018	433,436
Total noncurrent liabilities	53,641,716	56,329,084
Total liabilities	63,283,218	65,166,765
NET ASSETS		
Invested in capital assets, net of related debt	182,016,400	176,326,065
Restricted net assets	15,655,051	14,126,427
Unrestricted net assets	21,553,348	17,852,503
Total net assets	219,224,799	208,304,995
Total liabilities and net assets	\$282,508,017	\$273,471,760

The accompanying notes are an integral part of these statements.

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
Year ended December 31, 2008 and 2007

	2008	2007
Operating revenues		
Airline revenues	\$ 7,756,771	\$ 7,797,852
Terminal building concessions	1,658,480	1,678,165
Parking concessions	6,097,045	6,256,899
Landside commercial concessions	3,811,036	3,842,896
Other charges	2,629,570	1,960,755
Total operating revenues	21,952,902	21,536,567
Operating expenses		
Salaries and benefits	7,859,201	7,762,583
Other operating expenses	6,678,275	6,959,709
Depreciation	8,865,801	7,152,731
Total operating expenses	23,403,277	21,875,023
Operating income (loss)	(1,450,375)	(338,456)
Non-operating revenues (expenses)		
Investment income	2,819,577	2,375,506
Passenger facility charges	2,600,846	2,833,167
Customer facility charges	865,928	996,495
Operating grants	175,797	166,581
Interest expense	(2,886,778)	(2,625,880)
Gain/loss on disposal of capital assets	11,803	(1,401,577)
Total non-operating revenues (expenses)	3,587,173	2,344,292
Income before contributions	2,136,798	2,005,836
Capital grants	8,752,047	8,411,479
Capital contributions	30,959	1,726,530
Change in net assets	10,919,804	12,143,845
Total net assets – beginning of year	208,304,995	196,161,150
Total net assets – end of year	\$ 219,224,799	\$ 208,304,995

The accompanying notes are an integral part of these statements.

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
STATEMENTS OF CASH FLOWS  
Year ended December 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Receipts from customers	\$ 21,835,290	\$ 21,853,280
Receipts from interfund services provided	31,813	31,536
Payments to suppliers	(3,268,308)	(4,364,748)
Payments to employees	(7,790,498)	(7,719,649)
Payments for interfund services used	<u>(2,523,948)</u>	<u>(2,688,124)</u>
Net cash provided by operating activities	<u>8,284,349</u>	<u>7,112,295</u>
 Cash flows from noncapital financing activities		
Operating grant	<u>150,186</u>	<u>156,627</u>
 Cash flows from capital and related financing activities		
Capital grant	8,598,659	13,496,146
Capital expenditures	(3,137,395)	(13,603,086)
Passenger facility charges	2,943,785	2,784,916
Customer facility charges	856,964	996,495
Loan proceeds	702,121	5,092,402
Principal payments on loans	(491,192)	(698,489)
Interest payments on loans	(299,276)	(126,977)
Principal payments on revenue bonds	(3,240,000)	(3,198,333)
Interest payments on revenue bonds	(2,385,613)	(2,450,078)
Payment from accounts payable incurred for fixed asset additions	<u>(6,983,817)</u>	<u>6,886,471</u>
Net cash provided by (used in) capital and related financing activities	<u>(3,435,764)</u>	<u>9,179,467</u>
 Cash flows from investing activities		
Interest received on investments	1,926,184	1,739,132
Purchases of investments	(26,496,491)	(21,851,238)
Proceeds from sales and maturities of investments	<u>22,611,918</u>	<u>4,193,295</u>
Net cash used in investing activities	<u>(1,958,389)</u>	<u>(15,918,811)</u>
 Net increase (decrease) in cash and cash equivalents	3,040,382	529,578
Cash and cash equivalents – beginning of year	<u>2,079,218</u>	<u>1,549,640</u>
Cash and cash equivalents – end of year	5,119,600	2,079,218
Investments	<u>42,199,053</u>	<u>38,984,853</u>
Cash and investments	<u>\$ 47,318,653</u>	<u>\$ 41,064,071</u>
Reconciliation of cash and investments to the balance sheet		
Unrestricted cash and investments	\$ 31,663,602	\$ 26,937,644
Restricted cash and investments	<u>15,655,051</u>	<u>14,126,427</u>
Total cash and investments	<u>\$ 47,318,653</u>	<u>\$ 41,064,071</u>

The accompanying notes are an integral part of these statements.

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
STATEMENTS OF CASH FLOWS - CONTINUED  
Year ended December 31, 2008 and 2007

	2008	2007
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ (1,450,375)	\$ (338,456)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	8,865,801	7,152,731
(Increase) decrease in assets		
Receivables	(67,858)	119,942
Due from other City funds	-	50
Increase (decrease) in liabilities		
Accounts payable	856,876	19,480
Accrued salaries, benefits, and sick leave benefits	68,703	42,934
Due to other City funds	29,143	(112,642)
Deferred revenue and other tenant deposits	(17,941)	228,256
Net cash provided by operating activities	\$ 8,284,349	\$ 7,112,295

Noncash capital and related financing and investing activities:

The Airport had unrealized gains of \$1,225,897 and \$332,504, for the years ended December 31, 2008 and 2007, respectively. The Airport obtained fixed assets through incurring payables in the amount of \$2,116,979 and \$2,214,325 as of December 31, 2008 and 2007, respectively.

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008 and 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Financial reporting entity*

The City of Colorado Springs owns and operates the Colorado Springs Municipal Airport (Airport), which provides air transportation services for Colorado Springs, El Paso County, and surrounding communities. The Airport is located in the southeastern part of the City of Colorado Springs, Colorado.

The City, as lessor, has entered into lease agreements with various airlines, rental car companies, terminal concession operators, general aviation service providers, and business park tenants. The agreements cover not only the lease of airport building space and land to the lessees, but also the lessees' payment of fees to the Airport based on the lessees' revenues. In addition, the City is a party to a parking management contract in which the City receives all revenues from its public parking facility and pays operating expenses and a management fee to the operator. Substantially all Airport revenue is generated from these agreements.

The Airport is an enterprise fund of the City of Colorado Springs, Colorado. These financial statements present only the financial position of the Airport. These financial statements do not purport to, and do not, present fairly the financial position of the City of Colorado Springs, Colorado, and the changes in its financial position and its cash flows in conformity with accounting principles generally accepted in the United States of America.

A Director of Aviation directs and manages the Airport. This Director reports to the Assistant City Manager, Transportation and Parks. The Assistant City Manager reports to the City Manager who is appointed by the City Council. Major policy decisions are subject to the approval of the City Council.

2. *Measurement focus, basis of accounting and financial statement presentation*

Airport funds are accounted for using the accrual basis of accounting and the flow of economic resources measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Airport applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as all Financial Accounting Standards Board pronouncements (including those issued after November 30, 1989) unless those pronouncements conflict with or contradict GASB pronouncements, in accounting and reporting for its operations.

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008 and 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

*2. Measurement focus, basis of accounting and financial statement presentation - continued*

The Airport distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Airport's principal ongoing operations. The principal operating revenues of the Airport are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Airport's policy to use restricted resources first, then unrestricted resources as they are needed.

*3. Assets, liabilities and net assets*

A. Deposits and investments

The Airport's cash and cash equivalents are considered to be cash on hand, demand deposits, repurchase agreements and amounts in the pooled cash and investment accounts of the City of Colorado Springs.

Investments are stated at fair value determined by quoted market prices.

B. Capital assets and depreciation

Capital assets are carried at cost. The Airport capitalizes acquired property that is of a tangible nature, has an estimated useful life of three years or more, and has a value of at least \$5,000.

Depreciation of capital assets for the Airport is provided for using the straight-line method based on the estimated service lives of the assets, which are as follows:

Buildings	40 – 45 years
Improvements other than buildings	25 – 30 years
Machinery and equipment	5 – 15 years
Infrastructure	40 – 50 years
Vehicles	5 – 15 years

Interest is capitalized on fixed assets acquired with tax-exempt debt. The amount of interest capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Maintenance, repairs and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expenses as incurred.

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008 and 2007

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Compensated absences

The Airport's employees earn vacation and sick leave in varying amounts. The amount of accumulated, unpaid vacation and sick leave benefits at year-end is accrued and shown on the balance sheet.

D. Restricted net assets

In accordance with applicable bond ordinance provisions and federal regulations, certain cash and investments are restricted and have been included in the accompanying balance sheets as restricted cash and investments. Additionally, the bond ordinance and federal regulations also require restriction of net assets for specific purposes, including operating expense reserves, debt service reserves and approved capital improvement projects. Net asset amounts required to be restricted are shown in the accompanying balance sheets as restricted net assets.

E. Passenger facility charges

The Federal Aviation Administration (FAA) has approved previously filed applications of the Airport for the right to impose passenger facility charges (PFCs) on enplaned passengers at the Airport. PFC revenue is required to be used to fund FAA approved capital projects eligible under federal legislation permitting the imposition of PFCs. The approved Airport projects include certain completed and ongoing projects such as runway and taxiway rehabilitations, security enhancements, roadway upgrades and drainage improvements. GASB 34 requires PFCs be recognized when earned, not when received. Unspent PFC revenue is recorded in the financial statements as restricted cash and restricted net assets.

F. Customer facility charges

In 1994, the City of Colorado Springs issued \$6,093,000 aggregate principal amount of its Special Facility Bonds to finance the construction of service and storage facilities for rental car companies located on the Airport. The customer facility charge (CFC) was originally established to pay the debt service and expired on September 1, 2004. When the bonds were retired, there was an excess within the fund of \$3,576,541. Per the bond documents, these funds were given to the Airport where \$250,000 was set aside as reserved funds per the rental car agreement and the remaining was recorded as CFC revenue on the financial statements.

An ordinance (04-32) was approved by the City Council on March 23, 2004, allowing the Airport to continue to collect the CFC. The collection rate of \$1.50 per rental car contract date remains in effect. The rate cannot exceed \$2.50 per rental car contract date without City Council approval.

G. Unamortized bond issue costs

Unamortized bond issue costs are amortized over the life of the bond issue on the effective interest method.



Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008 and 2007

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. *Budgetary information*

In accordance with City Charter, the Airport is required to submit a balanced budget to City Council on or before the third Monday of November of each year. The budget is reviewed and modified as appropriate and an appropriation ordinance is prepared to adopt the budget no later than December 31 of each year. Annual appropriations lapse at year-end. The budget of the Airport is prepared on a modified accrual, non-GAAP, basis of accounting.

Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP), a reconciliation of resultant basis, timing and perspective for the years ended December 31, 2008 and 2007, is presented below:

	2008	2007
Operating expenses (US GAAP basis)	\$ 23,403,277	\$ 21,875,023
Non-operating expenses (US GAAP basis)	2,874,975	4,027,457
	26,278,252	25,902,480
Less: Depreciation expense	(8,865,801)	(7,152,731)
Add: Capital expenditures (accrual basis)	11,752,415	18,218,648
Expenditures (budgetary basis)	\$ 29,164,866	\$ 36,968,397
 Appropriations	 \$ 51,694,140	 \$ 54,036,651

NOTE C – DETAILED NOTES

1. *Deposits and investments*

The City of Colorado Springs pools the cash and investments of its funds, including the Airport. The City's pooled cash and investments as of December 31, 2008 and 2007, amounted to \$157,796,757 and \$163,246,837, respectively. The Airport's allocated portion of pooled cash and investments as of December 31, 2008 and 2007, was \$41,474,702 and \$35,459,909 respectively. The Airport's portion was approximately 26% and 22% of the total pooled cash and investments of the City as of December 31, 2008 and 2007. The pooled cash and investments of the City and the Airport as of December 31, 2008 and 2007, are as follows:

	December 31, 2008		December 31, 2007	
	City	Airport	City	Airport
Cash on hand	\$ 16,092	\$ 4,230	\$ 14,342	\$ 3,114
Deposits				
Demand, time deposits	19,455,566	5,115,370	9,555,590	2,076,104
	19,471,658	5,119,600	9,569,932	2,079,218
Investments	138,325,099	36,355,102	153,676,905	33,380,691
Total pooled cash and investments	\$ 157,796,757	\$ 41,474,702	\$ 163,246,837	\$ 35,459,909

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008 and 2007

NOTE C – DETAILED NOTES – Continued

1. *Deposits and investments – continued*

Restricted investments

As of December 31, 2008 and 2007, the Airport's restricted investments are comprised of the repurchase agreement of \$5,843,951 and \$5,604,163 respectively.

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that financial institutions pledge a single institution pool of collateral against all the uninsured public deposits it holds, and the market value of the securities in the pool is required to be in excess of one hundred two percent of the financial institution's total uninsured public deposits.

As of December 31, 2008, the bank balance of the City of Colorado Springs' bank deposits exclusive of cash not included in pooled cash and investments was \$20,887,822. Of the total bank deposits, \$323,839 was covered by Federal Depository Insurance and the remainder of \$20,563,983 was uninsured but collateralized in accordance with Colorado state law. The Airport's share of those amounts as of December 31, 2008, was \$79,373 and \$5,040,227, respectively.

As of December 31, 2007, the bank balance of the City of Colorado Springs' bank deposits exclusive of cash not included in pooled cash and investments was \$12,512,092. Of the total bank deposits, \$169,400 was covered by Federal Depository Insurance and the remainder of \$12,342,692 was uninsured but collateralized in accordance with Colorado state law. The Airport's share of those amounts as of December 31, 2007, was \$28,150 and \$2,051,069, respectively.

The City of Colorado Springs and the Airport's investments are subject to interest rate, credit risk and concentration of credit risk. The City has adopted an Investment Policy requiring all investments be made in accordance with Colorado revised statutes. As a means of limiting its exposure to fair value losses arising from rising interest, the City's investment policy limits investment maturities to five years.

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008 and 2007

NOTE C – DETAILED NOTES – Continued

1. *Deposits and investments – continued*

As of December 31, 2008, the detail of pooled cash and investments held for the City and the Airport is as follows:

<u>Investment type</u>	<u>Fair Value City</u>	<u>Fair Value Airport</u>	<u>Weighted Average Maturity (years)</u>
Money market mutual funds	\$ 586,609	\$ 154,175	0.00
US Treasury securities	7,610,644	2,000,257	1.18
US Instrumentality securities	120,141,288	31,575,967	2.64
Corporate fixed-income securities	9,412,409	2,473,803	1.63
Mortgages pooled	<u>574,149</u>	<u>150,900</u>	0.16
Total fair value	138,325,099	36,355,102	
Portfolio weighted average maturity			2.47
Reconciliation to Total Pooled Cash and Investments			
Add: Cash on hand and in banks	<u>19,471,658</u>	<u>5,119,600</u>	
	<u>\$157,796,757</u>	<u>\$ 41,474,702</u>	

As of December 31, 2007, the detail of pooled cash and investments held for the City and the Airport is as follows:

<u>Investment type</u>	<u>Fair Value City</u>	<u>Fair Value Airport</u>	<u>Weighted Average Maturity (years)</u>
Money market mutual funds	\$ 692,387	\$ 150,397	0.00
Repurchase agreements	12,974,042	2,818,136	0.00
Commercial Paper	5,181,077	1,125,400	0.04
US Treasury securities	10,286,293	2,234,321	2.44
US Instrumentality securities	113,751,358	24,708,324	2.71
Corporate fixed-income securities	8,995,267	1,953,893	1.42
Mortgages pooled	<u>1,796,481</u>	<u>390,220</u>	0.37
Total fair value	153,676,905	33,380,691	
Portfolio weighted average maturity			2.26
Reconciliation to Total Pooled Cash and Investments			
Add: Cash on hand and in banks	<u>9,569,932</u>	<u>2,079,218</u>	
	<u>\$163,246,837</u>	<u>\$ 35,459,909</u>	

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008 and 2007

NOTE C – DETAILED NOTES – Continued

2. *Deposits and investments – continued*

Credit Quality Distribution for Securities as a Percentage of Total Investments

	<u>S&amp;P Rating</u>	<u>% of Total</u>
Money market mutual funds	AAAm	0.42%
US Treasury Securities	N/A	5.50%
US Instrumentality Securities	N/A	86.85%
Domestic corporate fixed income securities	A	1.50%
Domestic corporate fixed income securities	AA	1.61%
Domestic corporate fixed income securities	AAA	3.70%
Mortgage pooled	AAA	<u>0.42%</u>
		<u>100.00%</u>

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008 and 2007

NOTE C – DETAILED NOTES – Continued

2. *Capital assets*

Capital assets activity for the year ended December 31, 2008, was as follows:

	<u>Beginning balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending balance</u>
Capital assets being depreciated:				
Buildings	\$ 93,383,200	\$ 301,599	\$ -	\$ 93,684,799
Improvements other than buildings	86,235,567	44,854,207		131,089,774
Machinery and equipment	7,209,195	868,084	(238,694)	7,838,585
Vehicles	3,927,794	35,598	(62,082)	3,901,310
Infrastructure	<u>16,795,306</u>	<u>5,369,023</u>	<u>-</u>	<u>22,164,329</u>
Total capital assets Being depreciated	<u>207,551,062</u>	<u>51,428,511</u>	<u>(300,776)</u>	<u>258,678,797</u>
Less accumulated depreciation for:				
Buildings	(29,698,950)	(2,604,656)	-	(32,303,606)
Improvements other than buildings	(32,733,441)	(5,181,857)	-	(37,915,298)
Machinery and equipment	(2,860,918)	(550,381)	215,604	(3,195,695)
Vehicles	(3,725,901)	(43,179)	62,082	(3,706,998)
Infrastructure	<u>(1,918,866)</u>	<u>(485,728)</u>	<u>-</u>	<u>(2,404,594)</u>
Total accumulated depreciation	<u>(70,938,076)</u>	<u>(8,865,801)</u>	<u>277,686</u>	<u>(79,526,191)</u>
Total capital assets Being depreciated, net	<u>136,612,986</u>	<u>42,562,710</u>	<u>(23,090)</u>	<u>179,152,606</u>
Capital assets not being depreciated :				
Land	18,423,581	-	-	18,423,581
Construction in progress	<u>71,635,022</u>	<u>10,667,477</u>	<u>(50,391,737)</u>	<u>31,910,762</u>
Total capital assets, not being depreciated	<u>90,058,603</u>	<u>10,667,477</u>	<u>(50,391,737)</u>	<u>50,334,343</u>
Capital assets, net	<u>\$226,671,589</u>	<u>\$53,230,187</u>	<u>\$(50,414,827)</u>	<u>\$229,486,949</u>

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008 and 2007

Capital assets activity for the year ended December 31, 2007, was as follows:

	<u>Beginning balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending balance</u>
Capital assets being depreciated:				
Buildings	\$ 93,353,277	\$ 29,923	\$ -	\$ 93,383,200
Improvements other than buildings	87,133,906	1,107,792	(2,006,131)	86,235,567
Machinery and equipment	5,645,340	1,671,407	(107,552)	7,209,195
Vehicles	4,363,730	26,864	(462,800)	3,927,794
Infrastructure	<u>16,795,306</u>	<u>-</u>	<u>-</u>	<u>16,795,306</u>
Total capital assets Being depreciated	<u>207,291,559</u>	<u>2,835,986</u>	<u>(2,576,483)</u>	<u>207,551,062</u>
Less accumulated depreciation for:				
Buildings	(27,105,475)	(2,593,475)	-	(29,698,950)
Improvements other than buildings	(29,793,653)	(3,526,019)	586,231	(32,733,441)
Machinery and equipment	(2,501,828)	(462,690)	103,600	(2,860,918)
Vehicles	(4,097,491)	(91,210)	462,800	(3,725,901)
Infrastructure	<u>(1,439,529)</u>	<u>(479,337)</u>	<u>-</u>	<u>(1,918,866)</u>
Total accumulated depreciation	<u>(64,937,976)</u>	<u>(7,152,731)</u>	<u>1,152,631</u>	<u>(70,938,076)</u>
Total capital assets Being depreciated, net	<u>142,353,583</u>	<u>(4,316,745)</u>	<u>(1,423,852)</u>	<u>136,612,986</u>
Capital assets not being depreciated :				
Land	18,423,581	-	-	18,423,581
Construction in progress	<u>57,337,685</u>	<u>15,732,998</u>	<u>(1,435,661)</u>	<u>71,635,022</u>
Total capital assets, not being depreciated	<u>75,761,266</u>	<u>15,732,998</u>	<u>(1,435,661)</u>	<u>90,058,603</u>
Capital assets, net	<u>\$218,114,849</u>	<u>\$11,416,253</u>	<u>\$ (2,859,513)</u>	<u>\$226,671,589</u>

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008 and 2007

NOTE C – DETAILED NOTES – Continued

3. *Revenue bonds payable*

In April 2007, The City of Colorado Springs issued \$3,725,000 and \$8,500,000 of Refunding Airport System Revenue Bonds, Series 2007A and 2007B, for a current refunding of \$9,345,000 and \$2,625,000 of 1996A and 1996B Airport System Revenue Bonds, respectively. The refunding was undertaken to reduce annual future debt service payments. The reacquisition price was above the net carrying amount of the old debt by \$211,363. This amount is being netted against the new debt and amortized over the new debt's life, which is two years longer than the life of the old debt. The Series 2007A bonds, of which \$3,725,000 mature from 2007 to 2021, have interest rates ranging from 4.00% to 4.50%. The Series 2007B bonds, of which \$8,500,000 mature from 2007 to 2023, have interest rates ranging from 4.00% to 5.00%.

In December 2002, the City of Colorado Springs issued \$43,005,000 of Refunding Airport System Revenue Bonds, Series 2002A for a current refunding of \$41,650,000 of 1992A Airport System Revenue Bonds. The refunding was undertaken to reduce total future debt service payments. The reacquisition price was above the net carrying amount of the old debt by \$1,049,331. This amount is being netted against the new debt and amortized over the old debt's life, which is equal to the life of the new debt. The Series 2002A Serial bonds, of which \$18,270,000 mature from 2004 to 2015, have interest rates ranging from 3.00% to 5.50% and of which 3,350,000 mature in 2018 with an interest rate of 4.75%. Series 2002A term bonds of \$6,255,000 and \$15,130,000 are due from 2016 to 2017 and 2019 to 2022, respectively, and have interest rates of 4.75% and 5.00%, respectively.

In December 1996, the City of Colorado Springs issued \$12,450,000 Airport System Revenue Bonds, Series 1996A and \$3,485,000 Airport System Revenue Bonds, Series 1996B for the purposes of paying a portion of the costs of capital improvements at the Colorado Springs Municipal Airport, funding capitalized interest and a reserve fund, and to pay certain costs of issuance. The 1996A and the 1996B bonds were refunded during 2007 by the 2007A and 2007B Airport Refunding Revenue Bonds outlined above.

In October 1992, the City of Colorado Springs, Colorado issued \$47,390,000 Airport System Revenue Bonds, Series 1992A, \$9,000,000 Airport System Revenue Bonds, Series 1992B and \$6,582,687 Airport System Revenue Bonds, Series 1992C for the purposes of paying a portion of the costs of a new terminal building and other capital improvements at the Colorado Springs Municipal Airport, funding capitalized interest and a reserve fund, and to pay certain costs of issuance. The 1992A bonds were refunded during 2002 by the 2002A Airport Refunding Revenue Bonds outlined above. The Series 1992B bonds were redeemed during 1994.

As of December 31, 2008, Series 1992C capital appreciation bonds of \$3,149,494 (\$1,494,386 original principal amount plus \$1,655,108 of interest accreted through December 31,2008) mature from 2001 to 2010 and have approximate yields to maturity of 6.80% to 7.20%.

All bonds are special obligations of the City payable solely from net revenues of the Airport System and from certain funds established under the bond ordinance.

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008 and 2007

NOTE C – DETAILED NOTES – Continued

3. Revenue bonds payable – continued

Maturities of the Airport System Revenue Bonds and related interest expense are as follows as of December 31, 2008:

Year ending December 31,	2007A		2007B		2002A		1992C		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$215,000	\$135,388	\$270,000	\$347,088	\$750,000	\$1,840,962	\$1,606,918	\$134,294	\$2,841,918	\$ 2,457,732
2010	230,000	126,788	285,000	334,938	780,000	1,810,962	1,542,578	66,212	2,837,578	2,338,900
2011	230,000	117,588	300,000	322,113	2,490,000	1,777,812	-	-	3,020,000	2,217,513
2012	240,000	108,388	315,000	307,113	2,625,000	1,640,862	-	-	3,180,000	2,056,363
2013-2017	1,355,000	389,938	2,090,000	1,315,613	15,295,000	6,036,612	-	-	18,740,000	7,742,163
2018-2022	1,105,000	103,350	3,805,000	764,975	15,130,000	1,937,500	-	-	20,040,000	2,805,825
2023	-	-	1,040,000	45,500	-	-	-	-	1,040,000	45,500
Totals	<u>\$ 3,375,000</u>	<u>\$ 981,440</u>	<u>\$ 8,105,000</u>	<u>\$ 3,437,340</u>	<u>\$ 37,070,000</u>	<u>\$15,044,710</u>	<u>\$ 3,149,496</u>	<u>\$ 200,506</u>	<u>\$ 51,699,496</u>	<u>\$ 19,663,996</u>

Interest on the 1992C bonds shown above is added to the original issue amount of the bonds.

Payments on the 1992C bonds of principal and interest will be made in the amount of \$1,675,000 in both 2009 and 2010.



Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008 and 2007

NOTE C – DETAILED NOTES – Continued

4. *Note Payable/Note Receivable*

On May 16, 2006, the Airport entered into a loan agreement, not to exceed \$3,047,514, with U.S. Bank National Association to fund improvements to a parcel of land in the Airport’s Business Park. The improvements consist of infrastructure development, including utility lines, roads, and general grading in order to prepare the property for development. The loan is collateralized by real property. The total amount outstanding as of December 31, 2008, is \$2,245,143. Loan payments through May 15, 2036, will be made with funds derived from a surcharge, above and beyond the monthly land lease, that is collected from the tenant.

Related to the Note Payable is a Note Receivable that represents the tenant’s infrastructure surcharge payment discussed above. The ground lease for the land parcel has been structured such that it contains two components. The first component will be the ground rent. The second component of the lease will be a surcharge in the exact amount needed to repay the commercial loan. This revenue stream will be used strictly to repay the loan, and will be kept separate from the flow of funds associated with the Airline Use and Lease Agreement.

The following is an amortization schedule (including Principal and Interest) for the remainder of the loan period as of December 31, 2008:

<u>Year ending</u> <u>December 31,</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>
2009	228,696	189,327	39,369
2010	228,696	185,847	42,849
2011	228,696	182,060	46,636
2012	228,696	177,937	50,759
2013	228,696	173,451	55,245
2014-2018	1,143,480	784,780	358,700
2019-2023	1,143,480	595,638	547,842
2024-2028	1,143,480	306,760	836,720
2029-2030	282,256	15,233	267,023
Totals	<u>\$ 4,856,176</u>	<u>\$ 2,611,033</u>	<u>\$ 2,245,143</u>

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008 and 2007

NOTE C – DETAILED NOTES – Continued

4. *Note Payable/Note Receivable- continued*

On December 19, 2007, the Airport entered into a loan agreement in the amount of \$3,500,000 with the Colorado Department of Transportation to fund improvements to public roadway signage and to resurface the entry/exit roads to the Airport. Debt service payments on this loan will be made from PFC revenues. This loan matures on November 2, 2014.

The following is an amortization schedule (including Principal and Interest) for the remainder of the loan period as of December 31, 2008:

Year ending <u>December 31,</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>
2009	561,772	91,297	470,475
2010	561,772	77,182	484,590
2011	561,772	62,645	499,127
2012	561,772	47,671	514,101
2013	561,772	32,248	529,524
2014	<u>561,772</u>	<u>16,362</u>	<u>545,410</u>
Totals	<u>\$ 3,370,632</u>	<u>\$ 327,405</u>	<u>\$ 3,043,227</u>

On July 3, 2008, the Airport entered into a loan agreement in the amount of \$600,000 with the Colorado Department of Transportation to purchase equipment to enhance snow removal capabilities. Debt service payments on this loan will be made from PFC revenues. This loan matures on July 3, 2015.

The following is an amortization schedule (including Principal and Interest) for the remainder of the loan period as of December 31, 2008:

Year ending <u>December 31,</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>
2009	96,304	18,000	78,304
2010	96,304	15,651	80,653
2011	96,304	13,231	83,073
2012	96,304	10,739	85,565
2013	96,304	8,172	88,132
2014-2015	<u>192,608</u>	<u>8,333</u>	<u>184,275</u>
Totals	<u>\$ 674,128</u>	<u>\$ 74,126</u>	<u>\$ 600,002</u>

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008 and 2007

NOTE C – DETAILED NOTES – Continued

5. *Leases*

The Airport leases facilities and land to various airlines, concessionaires, and others. Substantially all of the leases are operating leases for land, buildings, and terminal space. The leases contain provisions for cancellation by either party if certain conditions are met. The airline and car rental agreements expire on December 31, 2009. Both agreements are currently being renegotiated; therefore, no airline or car rental revenue beyond 2009 is included below. The Airport fully anticipates executing new airline and car rental agreements that contain terms similar to the existing agreements. The following is a schedule, by year, of minimum future rentals of the operating leases for a ten year period as of December 31, 2008:

Year ending <u>December 31,</u>	
2009	\$ 13,212,095
2010	1,889,622
2011	1,767,371
2012	1,532,478
2013	1,165,803
2014-2018	<u>4,411,823</u>
	<u>\$ 23,979,192</u>

Minimum future rentals do not include contingent rentals, which may be received under certain leases on the basis of revenue, fuel flow, or number of uses. Contingent rentals amounted to \$600,176 and \$677,651 for the years ended December 31, 2008 and 2007, respectively.

The following is an analysis of the Airport's investment in property on operating leases and property held for lease by major classes as of the dates indicated:

	<u>December 31,</u> <u>2008</u>	<u>December 31,</u> <u>2007</u>
Land	\$ 18,423,581	\$ 18,423,581
Buildings	93,684,799	93,383,200
Improvements other than buildings	131,089,774	86,235,567
Infrastructure	<u>22,164,329</u>	<u>16,795,306</u>
	265,362,483	214,837,654
Less accumulated depreciation	<u>(72,623,498)</u>	<u>(64,351,257)</u>
	<u>\$192,738,985</u>	<u>\$150,486,397</u>

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008 and 2007

NOTE C – DETAILED NOTES – Continued

5. *Leases- continued*

Additionally, the United States Air Force leases property from the City pursuant to a ninety-nine year lease and in turn Peterson Air Force Base furnishes all aircraft rescue and fire fighting services at the Airport as annual contributions (in-kind services) in lieu of payment of landing fees under the lease.

6. *Changes in long-term liabilities*

Long-term liabilities activity for the year ended December 31, 2008, was as follows:

	Balance January 1, 2008	<u>Additions</u>	<u>Reductions</u>	Balance December 31, 2008	Due within one year
Revenue bonds	\$ 54,735,426	\$ 739,431	\$ (3,775,363)	\$ 51,699,494	\$ 2,841,918
Deferred amounts on refundings	(824,940)	-	87,259	(737,681)	21,699
Bond Discount	<u>(147,007)</u>	<u>-</u>	<u>14,763</u>	<u>(132,244)</u>	<u>14,477</u>
Total bonds payable	53,763,479	739,431	(3,673,341)	50,829,569	\$ 2,878,094
Note payable	5,677,442	702,121	(491,192)	5,888,371	571,471
Compensated absences- accrued sick leave benefits	<u>433,436</u>	<u>-</u>	<u>(43,418)</u>	<u>390,018</u>	<u>-</u>
Long-term liabilities	<u>\$ 59,874,357</u>	<u>\$ 1,441,552</u>	<u>\$ (4,207,951)</u>	<u>\$ 57,107,958</u>	<u>\$ 3,449,565</u>

Long-term liabilities activity for the year ended December 31, 2007, was as follows:

	Balance January 1, 2007	<u>Additions</u>	<u>Reductions</u>	Balance December 31, 2007	Due within one year
Revenue bonds	\$ 57,219,851	\$ 12,500,575	\$ (14,985,000)	\$ 54,735,426	\$ 3,170,226
Deferred amounts:					
For issuance premiums	(677,715)	(220, 336)	73,111	(824,940)	(87,208)
On refundings	<u>-</u>	<u>(147,007)</u>	<u>-</u>	<u>(147,007)</u>	<u>(14,762)</u>
Total bonds payable	56,542,136	12,133,232	(14,911,889)	53,763,479	\$ 3,068,236
Note payable	1,283,530	5,092,402	(698,490)	5,677,442	477,037
Compensated absences- accrued sick leave benefits	<u>384,979</u>	<u>48,457</u>	<u>-</u>	<u>433,436</u>	<u>-</u>
Long-term liabilities	<u>\$ 58,210,645</u>	<u>\$ 17,274,091</u>	<u>\$ (15,610,379)</u>	<u>\$ 59,874,357</u>	<u>\$ 3,545,273</u>

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008 and 2007

NOTE C – DETAILED NOTES – Continued

7. *Interfund balances*

The composition of interfund balances as of December 31, 2008, is as follows:

Due to general fund	-	
Due to utilities fund	29,143	<u>29,143</u>
Due to other City funds	\$ 29,143	<u><u>29,143</u></u>

NOTE D – OTHER INFORMATION

1. *Risk management*

The City of Colorado Springs has established a risk management division to coordinate and administer workers' compensation, property and general liability insurance programs for all its activities and operations. For workers' compensation coverage, the City has purchased commercial insurance to cover losses in excess of \$750,000 per occurrence. The City pays losses less than this amount through its Workers Compensation Self-Insurance Fund. The Airport is included in the Workers' Compensation Self-Insurance program. For major property coverage, the City has purchased commercial insurance policies with varying deductibles. All deductibles related to these policies are paid from the budget of the individual departments so affected. The Airport is included in the property coverage of the City. General liability coverage for the Airport is purchased from commercial carriers for losses up to \$200,000,000. No claims were incurred in excess of the coverage for 2008, 2007 or 2006.

2. *Post-retirement health care and life insurance benefits*

In accordance with the City of Colorado Springs' Personnel Policy, the Airport offers a health care plan, including life insurance benefits, to retirees with the Airport's contribution determined by City Council. Employees retiring prior to 1979 receive this health care plan benefit without cost to the employee. Those retiring during or after 1979 and hired prior to August 1, 1988, receive a limited Airport contribution not to exceed \$91.40 per month.

Benefits were provided as follows:

	<u>Year ended December 31,</u>	
	<u>2008</u>	<u>2007</u>
Retirees with full coverage	3	3
Retirees with partial coverage	<u>24</u>	<u>24</u>
	<u>27</u>	<u>27</u>
Cost of retirement benefits	<u>\$ 30,322</u>	<u>\$ 27,659</u>

Post-retirement health care and life insurance benefits are funded through current revenue sources appropriated and accounted for in the City's annual budget.

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008 and 2007

NOTE D – OTHER INFORMATION – Continued

3. *Retirement plans*

A. Defined Benefit Pension Plan

Plan Description: The City contributes to the Local Government Division Trust Fund (LGDTF), a cost sharing multiple employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). Prior to January 1, 2006, the LGDTF was known as the Municipal Division Trust Fund (MDTF). LGDTF provides retirement and disability, annual increases, and death benefits for members or their beneficiaries. All permanent employees, except uniformed police and fire, of the City are members of the LGDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for LGDTF. That report may be obtained online at [www.copera.org](http://www.copera.org) or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy: Plan members and the City are required to contribute to the LGDTF at a rate set by statute. The contribution requirements of the plan members and the City are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8% and for the City it is 11.9% of covered salary. A portion of the City's contribution (1.02% of covered salary) is allocated for the Health Care Trust Fund (see note D.3.B Post-employment Healthcare Benefits). Beginning July 1, 2005, if the City rehired a PERA retiree as an employee or under any other work arrangement, it was required to report and pay employer contributions on the amounts paid for the retiree, however no member contributions are required. Beginning January 1, 2006, the City was required to pay an amortization equalization disbursement equal to 1.0% of the total payroll. The Airport's contributions to MDTF for the years ended December 31, 2008, 2007 and 2006, were \$555,798, \$512,147 and \$473,929, respectively, equal to the required contributions for each year.

B. Post-employment Healthcare Benefits

Plan Description: The City contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer post-employment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at [www.copera.org](http://www.copera.org) or by writing to PERA of Colorado, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008 and 2007

NOTE D – OTHER INFORMATION – Continued

3. *Retirement plans – continued*

Funding Policy: The City is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute which is included in the contribution rate of 11.9% of covered salary. No member contributions are required. The contribution requirements for the City are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the CRS, as amended. The Airport's contributions to HCTF for the years ending December 31, 2008, 2007, and 2006, were \$5,669, \$5,224, and \$4,834 respectively, equal to their required contributions for each year.

C. Defined Contribution Plan

Plan Description: The LGDTF members of the City may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the 401(k) Plan provisions to the State Legislature.

The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$15,500 in 2008 and \$15,500 in the 2007 calendar year). There is a catch-up provision that allows participants age 50 and older who are contributing the maximum to contribute an additional \$5,000 annually to their account. The 401(k) Plan member contributions from the Airport for the years ended December 31, 2008, 2007 and 2006, were \$96,094, \$102,973 and \$111,444, respectively.

All fire and police officers of the City participate in one of six agent, multiple employer, defined benefit pension plans, depending upon their status as a police or fire officer and their hire date (Old Hire/Alternate/Statewide). The Alternate Fire and Alternate Police plans were merged into the FPPA Defined Benefit System known as the Colorado Springs New Hire Pension Plan (CSNHPP) on October 1, 2006. As a function of the merger, FPPA is the plan administrator for the CSNHPP. FPPA Board of Directors shall function as the trustee and pension board for CSNHPP and shall administer the benefits under the CSNHPP plan as well as the Statewide plan. The Old Hire plans will continue to be administered jointly by the City and FPPA. The plans are included as pension trust funds. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information. That report can be obtained by writing to: Fire and Police Pension Association, Two DTC, 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111-2721 or by calling FPPA at 303-770-3772.

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2008 and 2007

NOTE D – OTHER INFORMATION – Continued

4. *Disclosures about fair value of financial instruments*

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Restricted assets – investments and cash and investments

The carrying amount approximates fair value because of the short maturity of most of these instruments. The fair values of some investments are estimated based on quoted market prices for those or similar investments.

Revenue bonds payable

The fair value of the Airport’s revenue bonds payable is estimated based on the quoted market prices of the debt in secondary bond markets.

The estimated fair values of the Airport’s financial instruments are as follows as of December 31, 2008, and 2007:

	December 31, 2008	
	Carrying amount	Fair value
Restricted assets – investments	\$ 5,843,951	\$ 5,843,951
Cash and investments	41,474,702	41,474,702
Revenue bonds payable	50,829,569	56,672,648
	December 31, 2007	
	Carrying amount	Fair value
Restricted assets – investments	\$ 5,604,162	\$ 5,604,162
Cash and investments	35,459,909	35,459,909
Revenue bonds payable	53,763,479	59,639,527

5. *Compliance with OMB Circular A-133*

The Colorado Springs Airport receives funding from the Federal Aviation Administration and the City of Colorado Springs administers these grants. As such, these grants have been audited in accordance with OMB Circular A-133 at the City level.

6. *Subsequent Events*

In March 2009, litigation related to costs incurred as a result of delays on a parking lot project resulted in a judgment in favor of the contractor in the amount of \$243,563.



SUPPLEMENTARY AND OTHER INFORMATION

**Colorado Springs Municipal Airport**  
**Colorado Springs Colorado**  
SCHEDULE OF FINANCIAL ACTIVITY PER THE  
BOND ORDINANCE FUNDS AND ACCOUNTS  
Year ending December 31, 2008

	Gross Revenue Fund	Operations/ Maintenance Fund	Bond Fund		Bond Reserve Account	O & M Reserve Fund
			Bond Account	Interest Account		
Beginning balance as of January 1, 2008	\$1,260,809.83	\$0.00	\$0.00	\$0.00	\$5,604,162.50	\$3,782,555.02
Add: Commitments as of December 31, 2006	-	160,683.67	-	-	-	-
Adjusted balance as of January 1, 2007	<u>1,260,809.83</u>	<u>160,683.67</u>	<u>-</u>	<u>-</u>	<u>5,604,162.50</u>	<u>3,782,555.02</u>
Calendar year 2008 activity						
Operating Revenues	21,983,862.20					
Non-Operating Revenues						
Interest Earnings	263,404.26		48,278.11	29,526.40	254,410.23	165,753.83
Passenger facility charges						
Customer facility charges						
Other revenue (expense)	34,892.31					
Operating Grants		175,796.52				
Operating Transfers In						
State Grant Capital Revenues						
FAA Grant Revenues						
Capital Reimbursements						
Loan Proceeds						
Increase in O & M Reserve	(244,482.73)					244,482.73
Sub-total revenues	<u>22,037,676.04</u>	<u>175,796.52</u>	<u>48,278.11</u>	<u>29,526.40</u>	<u>254,410.23</u>	<u>410,236.56</u>
Operating Expenses		(14,133,392.64)				
Operating Transfers Out						
Operating Capital		(347,474.82)				
Capital Expenses						
Non-Operating Expenses						
Debt Service Expenses			(2,100,363.00)	(3,546,516.34)		
Post refunding Reserve Reduction						
Sub-total expenses	<u>-</u>	<u>(14,480,867.46)</u>	<u>(2,100,363.00)</u>	<u>(3,546,516.34)</u>	<u>-</u>	<u>-</u>
Balance before encumbrances, commitments, and transfers	<u>23,298,485.87</u>	<u>(14,144,387.27)</u>	<u>(2,052,084.89)</u>	<u>(3,516,989.94)</u>	<u>5,858,572.73</u>	<u>4,192,791.58</u>
Encumbrances at December 31, 2008	-	(101,095.93)	-	-	-	-
Other commitments at December 31, 2008						
Sub-total commitments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers:						
Operating/Maintenance	(14,245,483.20)	14,245,483.20				
Bond Debt Service	(5,646,879.34)		2,100,363.00	3,546,516.34		
2008 Bond Ordinance Requirements						
Income Available for Sharing-City's Portion	(2,070,338.00)					
Funding Adj.-Encumbrances/ Working Capital	609,785.22					
Non-Preferential Gate Use Fee	(203,134.00)					
Net (Rev)/Expense on Fountain Term Site	(117,454.00)					
Net (Rev)/Expense on Business Park- Phase 1	(152,855.00)					
Repayment of Loans to Capital Account	(610,424.00)					
Interest to:						
Airlines	529,794.79	-	(48,278.11)	(29,526.40)	(254,410.23)	(165,753.83)
Capital Account						
Sub-total transfers	<u>(21,906,987.53)</u>	<u>14,245,483.20</u>	<u>2,052,084.89</u>	<u>3,516,989.94</u>	<u>(254,410.23)</u>	<u>(165,753.83)</u>
Ending Balance December 31, 2008	<u>1,391,498.33</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,604,162.50</u>	<u>4,027,037.75</u>

**Colorado Springs Municipal Airport**  
**Colorado Springs Colorado**  
**SCHEDULE OF FINANCIAL ACTIVITY PER THE**  
**BOND ORDINANCE FUNDS AND ACCOUNTS**  
Year ending December 31, 2008

	Capital Improvement Fund				Totals	
	Renewal & Replacement Fund	Prepaid Revenue Account	Capital Account	Passenger Facility Account		Customer Facility Account
Beginning balance as of January 1, 2008	\$750,000.00	\$1,458,671.25	\$19,102,455.24	\$1,996,489.63	\$1,813,398.17	\$35,768,541.64
Add: Commitments as of December 31, 2006	-	-	830,796.99	230,785.58	42,866.21	1,265,132.45
Adjusted balance as of January 1, 2007	<u>750,000.00</u>	<u>1,458,671.25</u>	<u>19,933,252.23</u>	<u>2,227,275.21</u>	<u>1,856,264.38</u>	<u>37,033,674.09</u>
Calendar year 2008 activity						
Operating Revenues						21,983,862.20
Non-Operating Revenues						
Interest Earnings	31,826.22	63,019.54	841,684.18	136,527.12	91,753.98	1,926,183.86
Passenger facility charges				2,600,845.87		2,600,845.87
Customer facility charges					865,927.50	865,927.50
Other revenue (expense)						34,892.31
Operating Grants						
Operating Transfers In						-
State Grant Capital Revenues						
FAA Grant Revenues			8,752,047.18			8,752,047.18
Capital Reimbursements						-
Loan Proceeds			702,121.00			702,121.00
Increase in O & M Reserve						
Sub-total revenues	<u>31,826.22</u>	<u>63,019.54</u>	<u>10,295,852.36</u>	<u>2,737,372.99</u>	<u>957,681.48</u>	<u>36,865,879.92</u>
Operating Expenses						(14,133,392.64)
Operating Transfers Out						-
Operating Capital						(347,474.82)
Capital Expenses			(10,772,491.09)	(894,798.03)	(85,102.58)	(11,752,391.70)
Non-Operating Expenses						-
Debt Service Expenses						(5,646,879.34)
Post refunding Reserve Reduction		(57,630.89)				(57,630.89)
Sub-total expenses	<u>-</u>	<u>(57,630.89)</u>	<u>(10,772,491.09)</u>	<u>(894,798.03)</u>	<u>(85,102.58)</u>	<u>(31,937,769.39)</u>
Balance before encumbrances, commitments, and transfers	<u>781,826.22</u>	<u>1,464,059.90</u>	<u>19,456,613.50</u>	<u>4,069,850.17</u>	<u>2,728,843.28</u>	<u>41,961,784.62</u>
Encumbrances at December 31, 2008	-	-	(3,334,566.12)	(88,441.63)	-	(3,524,103.68)
Other commitments at December 31, 2008						-
Sub-total commitments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers:						
Operating/Maintenance						-
Bond Debt Service						-
2008 Bond Ordinance Requirements						-
Income Available for Sharing-City's Portion			2,070,338.00			-
Funding Adj.-Encumbrances/ Working Capital			(609,785.22)			-
Non-Preferential Gate Use Fee			203,134.00			-
Net (Rev)/Expense on Fountain Term Site			117,454.00			-
Net (Rev)/Expense on Business Park- Phase 1			152,855.00			-
Repayment of Loans to Capital Account			610,424.00			-
Interest to:						-
Airlines	(31,826.22)					0.00
Capital Account		(63,019.54)	63,019.54			-
Sub-total transfers	<u>(31,826.22)</u>	<u>(63,019.54)</u>	<u>2,607,439.32</u>	<u>-</u>	<u>-</u>	<u>0.00</u>
Ending Balance December 31, 2008	<u>750,000.00</u>	<u>1,401,040.36</u>	<u>18,729,486.70</u>	<u>3,981,408.54</u>	<u>2,728,843.28</u>	<u>38,437,680.94</u>

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
AIRLINES SERVING THE AIRPORT  
December 31, 2008  
(unaudited)

**Passenger Airlines**

**Major and National**

Allegiant Air  
American Airlines  
Continental Airlines  
Delta Air Lines  
Northwest Airlines  
United Airlines  
US Airways

**Regional and Commuter**

ExpressJet Airlines ( Continental Express)  
Mesa Air Group (US Airways  
Express and United Express)  
SkyWest Airlines (Delta Connection  
and United Express)

**All-Cargo Airlines**

FedEx  
Key Lime Air

Source: Colorado Springs Municipal Airport management records.

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
HISTORICAL AIRLINE TRAFFIC  
For the years ended December 31, 1998-2008  
(unaudited)

Year	Enplaned passengers				Aircraft Operations (No. of Departures)					Enplaned passengers per departure	
	Major/ National Airlines	Regional/ Commuter Airlines	Total	Percent Increase (Decrease)	Major/ National Airlines	Regional/ Commuter Airlines	Cargo Airlines	Total	Percent Increase (Decrease)	Major/ national airlines	Regional/ commuter airlines
1998	1,286,570	34,379	1,320,949	-35.5%	15,160	2,356	834	18,350	-42.0%	85	15
1999	1,193,993	49,421	1,243,414	-5.9%	15,828	2,700	1,222	19,750	7.6%	75	18
2000	1,155,670	64,696	1,220,366	-1.9%	14,324	3,171	1,256	18,751	-5.1%	81	20
2001	976,459	89,395	1,065,854	-12.7%	13,318	3,362	2,221	18,901	0.8%	73	27
2002	846,693	221,464	1,068,157	0.2%	12,361	7,242	2,441	22,044	16.6%	68	31
2003	755,056	256,587	1,011,643	-5.3%	11,059	7,474	2,032	20,565	-6.7%	68	34
2004	715,187	319,560	1,034,747	2.3%	10,477	9,204	1,926	21,607	5.1%	68	35
2005	720,710	310,123	1,030,833	-0.4%	11,170	7,860	1,823	20,853	-3.5%	65	39
2006	735,077	281,939	1,017,016	-1.3%	10,599	7,244	1,731	19,574	-6.1%	69	39
2007	706,900	326,686	1,033,586	1.6%	10,702	7,148	1,591	19,441	-0.7%	66	46
2008	644,357	353,990	998,347	-3.4%	10,234	7,686	1,272	19,192	-1.3%	63	46

Source: Colorado Springs Municipal Airport management records.

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
AIRLINE SHARES OF ENPLANED PASSENGERS  
For the year ended December 31, 1999 - 2008  
(unaudited)

	1999		2000		2001		2002		2003		2004		2005		2006		2007		2008			
	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total	Number	Percent of total		
<b>Major/national airlines</b>																						
Access Air (1)	15,524	1.2%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Allegiant Air (2)	-	-	-	-	-	-	18,152	1.7%	35,825	3.5%	37,440	3.6%	30,697	3.0%	35,224	3.5%	33,281	3.2%	33,543	3.4%		
America West Airlines (3)	88,860	7.1%	67,900	5.6%	57,235	5.4%	4,748	0.4%	38,249	3.8%	-	-	-	-	-	-	-	-	-	-		
American Airlines	197,178	15.9%	269,455	22.1%	236,590	22.5%	275,207	25.8%	205,365	20.3%	161,958	15.7%	190,594	18.5%	205,064	20.2%	219,085	21.2%	213,341	21.4%		
Continental Airlines (4)	60,498	4.9%	55,373	4.6%	56,926	5.4%	47,611	4.5%	10,295	1.0%	10,581	1.0%	481	0.0%	185	0.0%	-	-	-	-		
Delta Air Lines	197,112	15.9%	251,817	20.7%	190,221	18.0%	112,858	10.6%	69,157	6.8%	85,216	8.3%	80,364	7.8%	66,019	6.5%	41,539	4.0%	36,371	3.6%		
Midwest Airlines (5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,719	1.1%	4,793	0.5%
Northwest Airlines	80,099	6.4%	79,924	6.6%	68,021	6.5%	66,214	6.2%	78,327	7.7%	86,261	8.3%	83,026	8.1%	75,689	7.4%	78,955	7.7%	52,286	5.2%		
Reno Air (6)	96,325	7.8%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Trans World Airlines (7)	82,011	6.6%	86,505	7.1%	69,915	6.6%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
United Airlines (8)	374,720	30.2%	341,247	28.0%	284,446	27.0%	283,933	26.6%	317,321	31.4%	332,448	32.1%	334,426	32.4%	351,779	34.6%	321,194	31.1%	302,857	30.3%		
Vanguard Airlines (9)	-	-	-	-	1,518	0.1%	26,635	2.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	
Charters	-	-	-	-	-	-	11,335	1.0%	517	0.2%	1,283	0.1%	1,122	0.1%	1,117	0.1%	1,127	0.1%	1,166	0.1%		
	1,192,327	96.0%	1,152,221	94.7%	964,872	91.5%	846,693	79.3%	755,056	74.7%	715,187	69.1%	720,710	69.9%	735,077	72.3%	706,900	68.4%	644,357	64.5%		
<b>Regional/commuter airlines</b>																						
America West Express (10)	4,672	0.4%	35,652	2.9%	43,246	4.1%	92,953	8.7%	69,221	6.8%	107,428	10.4%	119,326	11.6%	94,078	9.3%	91,746	8.9%	-	-		
American Eagle Airline (11)	-	-	-	-	-	-	-	-	-	-	-	-	22,239	2.2%	29,866	2.9%	17,338	1.7%	-	-		
Chautauqua Airlines (12)	-	-	-	-	-	-	-	-	1,760	0.2%	5,826	0.6%	-	-	-	-	12,797	1.2%	-	-		
Comair (13)	25,599	2.1%	6,035	0.5%	-	-	2,406	0.2%	25,030	2.5%	28,998	2.8%	30,226	2.9%	25,407	2.5%	18,817	1.8%	5,166	0.5%		
Continental Express (14)	2,769	0.2%	2,091	0.2%	3,964	0.4%	24,346	2.3%	59,071	5.8%	59,186	5.7%	70,000	6.8%	79,538	7.8%	63,737	6.2%	71,763	7.2%		
Great Plains Airlines (15)	-	-	-	-	2,465	0.2%	13,052	1.2%	2,772	0.3%	-	-	-	-	-	-	-	-	-	-		
ExpressJet Airlines (16)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Frontier/Lynx	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	44,345	4.3%	48,050	4.8%
Mesa Airlines (17)	6,947	0.6%	7,836	0.6%	6,833	0.7%	5,085	0.5%	5,179	0.5%	4,643	0.5%	4,333	0.4%	2,886	0.3%	-	-	-	-		
Mountain Air Express (WP) (18)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Northwest Airlink (19)	-	-	-	-	-	-	-	-	-	-	-	-	1,445	0.1%	2,105	0.2%	413	0.0%	20,598	2.1%		
Skywest (20)	9,434	0.7%	13,082	1.1%	32,887	3.1%	83,622	7.8%	93,554	9.2%	107,941	10.4%	56,403	5.5%	48,059	4.7%	77,493	7.5%	63,520	6.4%		
Trans States Airlines (21)	-	-	-	-	-	-	-	-	-	-	5,538	0.5%	6,151	0.6%	0	0.0%	-	-	-	-		
US Express (22)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	82,577	8.3%		
	49,421	4.0%	64,696	5.3%	89,395	8.5%	221,464	20.7%	256,587	25.3%	319,560	30.9%	310,123	30.1%	281,939	27.7%	326,686	31.6%	353,990	35.5%		
<b>Total</b>	<b>1,241,748</b>	<b>100.0%</b>	<b>1,216,917</b>	<b>100.0%</b>	<b>1,054,267</b>	<b>100.0%</b>	<b>1,068,157</b>	<b>100.0%</b>	<b>1,011,643</b>	<b>100.0%</b>	<b>1,034,747</b>	<b>100.0%</b>	<b>1,030,833</b>	<b>100.0%</b>	<b>1,017,016</b>	<b>100.0%</b>	<b>1,033,586</b>	<b>100.0%</b>	<b>998,347</b>	<b>100.0%</b>		

- 1 Access Air service from June 1999 through November 1999.
- 2 Allegiant Airlines started service in February 2002.
- 3 America West discontinued service in September 2004 and transferred all activity to America West Express operated by Mesa Air Group. US Airways and America West merged in 2005
- 4 Continental transferred most of its activity to Continental Express starting April 2002 and all activity to Continental Express in 2007.
- 5 Midwest Airlines started service in July 2007 and discontinued service April 2008.
- 6 Reno Air was acquired by American Airlines in September 1999.
- 7 Trans World Airlines merged with American Airlines in December 2001.
- 8 United Airlines transferred all activity control to SkyWest in January 2007 and operates as United Express. Data includes Air Wisconsin, Atlantic Coast, Mesa, and SkyWest serving as United Express carriers. United does not report passenger activity for United Express carriers separately.
- 9 Vanguard started service December 2001. On July 30, 2002, Vanguard filed for bankruptcy protection and subsequently ceased all operations at the Airport.
- 10 America West Express started service in October 1999. US Express took over flying after US Airways and America West merged.
- 11 American Eagle Airlines began service June 2005 and ceased service November 2007.
- 12 Chautauqua Airlines began service in November 2003 as American Connection and stopped service July 2004. Chautauqua started service as Continental Express in January 2007 and stopped May 2007.
- 13 Comair started service in October 1998 as Delta Connection and ceased service as of April 2000. Comair resumed service in December 2002 as Delta Connection and ceased operations April 2008.
- 14 Continental Express started service in October 1999. Ceased service as of May 2000. Provided service May through September 2001. Began service again in April 2002.
- 15 Great Plains started service in October 2001. Ceased service as of March 2003.
- 16 ExpressJet Airline started service April 2007 and ceased all brand flying in September of 2008.
- 17 Mesa Airlines discontinued service November 2006.
- 18 Mountain Air Express served the airport from December 1996 to February 1998.
- 19 Northwest Airlink includes Pinnacle service that began June 2005 and discontinued service September 2005. Provided service for January, February, June, July, and August in 2006. Provided service for June, July, and August in 2007. Mesaba Airlines operated as Northwest Airlink starting September 2008
- 20 SkyWest's enplaned passenger count represents activity serving as a Delta Connection carrier. Served the airport from December 1995 to October 1998 as Delta Connection. Began service again in April 1999.
- 21 Trans States Airlines operated as American Connection in January 2004. Service resumed August 2004 through June 2005. Trans States Airlines operated as United Express from March 2006 through September 2006.
- 22 US Express operated by Mesa Air Group after America West and US Airways merger.

Colorado Springs Municipal Airport  
 Colorado Springs, Colorado  
**HISTORICAL AIRCRAFT LANDED WEIGHT**  
 For the years ended December 31, 1999 - 2008  
 (unaudited)

	1999		2000		2001		2002		2003		2004		2005		2006		2007		2008	
	1,000-lb units	Percent of total	1,000-lb units	Percent of total	1,000-lb units	Percent of total	1,000-lb units	Percent of total	1,000-lb units	Percent of total	1,000-lb units	Percent of total	1,000-lb units	Percent of total	1,000-lb units	Percent of total	1,000-lb units	Percent of total	1,000-lb units	Percent of total
<b>Passenger Airlines</b>																				
<b>Major and national</b>																				
Access Air (1)	63,702	3.0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Air Wisconsin (United Express) (2)	131,205	6.2%	120,689	6.2%	113,231	6.3%	111,965	6.1%	163,342	10.4%	108,501	6.9%	13,581	0.9%	0	0.0%	-	-	-	-
Allegiant (3)	-	-	-	-	-	-	32,392	1.8%	43,215	2.7%	44,834	2.9%	36,090	2.4%	42,548	3.0%	38,781	2.9%	35,922	2.8%
America West Airlines (4)	169,400	8.0%	102,663	5.3%	85,899	4.8%	7,167	0.4%	56,478	3.6%	-	-	-	-	-	-	-	-	-	-
American Airlines	295,062	13.9%	403,390	20.7%	379,416	21.1%	463,875	25.5%	326,804	20.7%	238,368	15.2%	264,071	17.3%	287,393	20.3%	256,543	19.2%	249,202	19.2%
Atlantic Coast (United Express) (5)	-	-	-	-	-	-	5,593	0.3%	13,959	0.9%	-	-	-	-	-	-	-	-	-	-
Continental Airlines (6)	94,067	4.4%	82,776	4.2%	85,066	4.7%	67,132	3.7%	12,716	0.8%	13,456	0.9%	481	0.0%	256	0.0%	-	-	-	-
Delta Air Lines	286,198	13.4%	359,984	18.4%	330,292	18.4%	171,492	9.4%	97,614	6.2%	104,400	6.7%	104,588	6.8%	81,090	5.7%	49,302	3.7%	40,428	3.1%
Mesa Air Group (United Express) (7)	-	-	-	-	-	-	-	-	4,641	0.3%	55,028	3.5%	34,306	2.2%	48,886	3.5%	45,219	3.4%	55,002	4.3%
Midwest Airline (8)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,732	1.3%	8,131	0.6%
Northwest Airlines	111,426	5.2%	108,617	5.6%	101,678	5.6%	100,966	5.5%	102,209	6.5%	114,480	7.3%	109,674	7.2%	92,331	6.5%	95,419	7.2%	62,374	4.8%
Reno Air (9)	159,590	7.5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
SkyWest Airlines (United Express) (10)	-	-	-	-	-	-	36,784	2.0%	50,525	3.2%	114,408	7.3%	322,989	21.2%	314,317	22.2%	343,257	25.8%	327,464	25.3%
Trans World Airlines (11)	113,654	5.3%	106,470	5.4%	109,010	6.1%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
United Airlines	452,048	21.2%	386,061	19.8%	263,612	14.7%	256,244	14.1%	188,819	12.0%	144,225	9.2%	54,551	3.6%	41,233	2.9%	-	-	-	-
Vanguard Airlines (12)	-	-	-	-	2,349	0.1%	46,112	2.5%	-	-	-	-	-	-	-	-	-	-	-	-
<b>Regional and commuter</b>																				
American Eagle (13)	-	-	-	-	-	-	-	-	-	-	-	26,264	1.7%	39,798	2.8%	20,100	1.5%	-	-	-
Chautauqua Airlines (American Connection) (14)	-	-	-	-	-	-	-	2,515	0.2%	7,668	0.5%	-	-	-	-	-	-	-	-	-
Chautauqua Airlines (Continental Express) (15)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,997	1.1%	-	-	-
Comair (Delta Connection) (16)	33,887	1.6%	8,366	0.4%	-	-	4,067	0.2%	45,474	2.9%	47,366	3.0%	48,006	3.2%	33,835	2.4%	23,651	1.8%	6,901	0.5%
Continental Express (17)	3,710	0.2%	3,133	0.2%	4,978	0.3%	25,647	1.4%	63,277	4.0%	68,232	4.4%	78,282	5.1%	84,273	5.9%	62,922	4.7%	74,414	5.7%
GO-Jet Airlines (18)	-	-	-	-	-	-	-	-	-	-	-	-	-	5,628	0.4%	0	0.0%	-	-	-
Great Plains Airlines (19)	-	0.0%	0.0%	0.0%	3,168	0.2%	28,920	1.6%	6,616	0.4%	-	-	-	-	-	-	-	-	-	-
ExpressJet Airlines (20)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	64,312	4.8%	61,225	4.7%	
Lynx (Frontier)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	78,917	6.1%	
Mesa Air Group (US Express) (21)	8,173	0.4%	48,700	2.5%	57,998	3.2%	117,641	6.5%	87,467	5.5%	128,413	8.2%	147,341	9.7%	115,782	8.2%	93,609	7.0%	88,932	6.9%
Mesa Airlines (22)	24,087	1.1%	25,265	1.3%	14,226	0.8%	10,026	0.6%	9,960	0.6%	10,790	0.7%	9,462	0.6%	6,806	0.5%	0	0.0%	-	-
Mesaba Airlines (Northwest Airlink) (23)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18,093	1.4%
Mountain Air Express (WP) (24)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pinnacle (Northwest Airlink) (25)	-	-	-	-	-	-	-	-	-	-	-	1,645	0.1%	2,632	0.2%	517	0.1%	5,593	0.4%	
Skywest (Delta Connection) (26)	12,314	0.6%	16,685	0.9%	49,303	2.7%	118,607	6.5%	127,464	8.1%	167,179	10.7%	73,602	4.8%	60,160	4.2%	87,052	6.5%	74,058	5.7%
Trans States Airlines (American Connection) (27)	-	-	-	-	-	-	-	-	-	7,489	0.5%	7,699	0.5%	0	0.0%	-	-	-	-	-
Trans States Airlines (United Express) (28)	-	-	-	-	-	-	-	-	-	-	-	-	-	8,425	0.6%	0	0.0%	-	-	-
<b>Total Passenger Airlines</b>																				
<b>All-cargo airlines</b>																				
Airborne Express (29)	48,327	2.3%	51,608	2.6%	43,859	2.4%	26,517	1.5%	26,926	1.7%	28,244	1.8%	29,634	2.0%	25,397	1.8%	25,678	1.9%	15,849	1.2%
Corporate Air (30)	-	-	-	-	3,453	0.2%	1,496	0.1%	-	-	-	-	-	-	-	-	-	-	-	-
FedEx	117,736	5.5%	119,834	6.1%	127,116	7.1%	162,863	8.9%	137,572	8.7%	151,897	9.7%	155,966	10.2%	117,927	8.3%	83,840	6.3%	84,927	6.6%
Key Lime Air (31)	-	-	-	-	1,589	0.1%	1,855	0.1%	2,149	0.1%	2,614	0.2%	5,917	0.4%	7,341	0.5%	9,767	0.7%	7,318	0.6%
Sundance Air (32)	-	-	-	-	2,947	0.2%	4,992	0.3%	4,934	0.3%	3,930	0.3%	-	-	-	-	-	-	-	-
Superior (33)	-	-	-	-	-	-	3,351	0.2%	1,287	0.1%	-	-	-	-	-	-	-	-	-	-
<b>Charter</b>																				
<b>Total</b>																				

Note: see following page for footers.

(continued)

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
HISTORICAL AIRCRAFT LANDED WEIGHT- Continued  
For the years ended December 31, 1999 - 2008  
(unaudited)

- 1 Access Air provided service from June 1999 through November 1999.
- 2 Air Wisconsin discontinued service October 2005.
- 3 Allegiant Air began service in February 2002.
- 4 America West discontinued service in September 2004 and transferred all activity to America West Express operated by Mesa Air Group. US Airways and America West merged in September 2005.
- 5 Atlantic Coast (United Express Connection) started service November 2002 and ceased service May 2003.
- 6 Continental transferred most of its activity to Continental Express starting April 2002 and all activity to Continental Express in 2007.
- 7 Mesa Air Group (United Express) started service October 2003.
- 8 Midwest Airline began service July 2007 and ceased operations April 2008.
- 9 Reno Air was acquired by American Airlines in September 1999.
- 10 SkyWest Airlines (United Express) began service March 2002.
- 11 Trans World Airlines merged with American Airlines in December 2001.
- 12 Vanguard started service December 2001. On July 30, 2002, Vanguard filed for bankruptcy protection and subsequently ceased all operations.
- 13 American Eagle Airlines began service June 2005 and ceased activity November 2007.
- 14 Chautauqua Airlines began service in November 2003 as American Connection and stopped service July 2004.
- 15 Chautauqua Airlines began service in January 2007 as Continental Express and stopped service May 2007.
- 16 Comair started service in October 1998 as Delta Connection and ceased service as of April 2000. Comair resumed service in December 2002 as Delta Connection and ceased operations April 2008.
- 17 Continental Express started service in October 1999. Ceased service as of May 2000. Provided service May through September 2001. Resumed service again in April 2002.
- 18 Go-Jet Airlines (United Express) provided service for January, February, September, and October in 2006.
- 19 Great Plains Airlines started service in October 2001. Ceased service as of March 2003.
- 20 ExpressJet Airlines began service April 2007 and ceased all brand flying September 2008.
- 21 America West Express started service in October 1999.  
America West merged with US Airways September of 2005.
- 22 Mesa Airlines discontinued service November 2006.
- 23 Mesaba Airlines started service in September 2008 as Northwest AirlinK
- 24 Mountain Air Express served the airport from December 1996 to February 1998.
- 25 Pinnacle began service as Northwest AirlinK June 2005 and discontinued service September 2005. Provided service for January, February, June, July, and August in 2006. Provided service June, July, and August 2007 and June, July, and August 2008.
- 26 SkyWest served the airport from December 1995 to October 1998 as Delta Connection. Began service again April 1999.
- 27 Trans States Airlines operated as American Connection in January 2004. Service resumed August 2004 through June 2005.
- 28 Trans States Airlines operated as United Express from March 2006 through September 2006.
- 29 Airborne Express ceased operations August 2008.
- 30 Corporate Air reported cargo service starting in January 2001 and ceased cargo service July 2002.
- 31 Keylime Air reported cargo service starting in January 2001.
- 32 Sundance Air reported cargo service starting in January 2001. Ceased service in November 2004.
- 33 Superior reported cargo service starting in January 2001 and ceased cargo service May 2003.

Source: Colorado Springs Municipal Airport management records.



Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
AVERAGE DAILY DEPARTURES BY AIRLINES  
For the years ended December 31, 1999-2008  
(unaudited)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Major / National airlines</b>										
Access Air	2	--	--	--	--	--	--	--	--	--
Allegiant Air (1)	--	--	--	1	1	1	1	1	1	1
American (2)	7	10	9	10	7	6	7	8	6	5
America West (3)	5	5	6	7	6	6	7	6	4	--
Continental (4)	2	2	2	3	4	5	5	5	5	5
Delta (5)	9	9	9	10	11	14	8	6	6	5
Great Plains Airlines (6)	--	--	--	3	1	--	--	--	--	--
ExpressJet Airlines (7)	--	--	--	--	--	--	--	--	4	5
Frontier	--	--	--	--	--	--	--	--	--	4
Mesa (8)	4	4	2	2	2	2	2	1	--	--
Midwest Airlines (9)	--	--	--	--	--	--	--	--	1	1
Northwest (10)	2	2	2	2	2	2	2	2	2	2
Reno Air (11)	3	--	--	--	--	--	--	--	--	--
Trans World (12)	2	2	2	--	--	--	--	--	--	--
United (13)	14	13	13	15	17	18	20	20	19	19
US Airways (14)	--	--	--	--	--	--	--	--	--	4
Vanguard Airlines (15)	--	--	--	1	--	--	--	--	--	--
<b>Total major and national airlines</b>	<b>50</b>	<b>47</b>	<b>45</b>	<b>54</b>	<b>51</b>	<b>54</b>	<b>52</b>	<b>49</b>	<b>48</b>	<b>51</b>

- 1 Allegiant Air started service February 2002.
- 2 Includes departures of Chautauqua Airlines/Trans States Airlines (American Connection) and American Eagle.
- 3 Includes departures of America West Express.
- 4 Includes departures of Continental Express.
- 5 Includes departures of Comair (Delta Connection) and SkyWest.
- 6 Great Plains started service October 2001. Ceased service March 2003.
- 7 ExpressJet Airlines started service April 2007 ceased September 2008.
- 8 Mesa Airlines discontinued service November 2006.
- 9 Midwest Airlines started service July 2007 ceased operations April 2008.
- 10 Includes departures of Pinnacle and Mesaba (Northwest AirlinK).
- 11 Reno Air was acquired by American Airlines in September 1999.
- 12 TWA filed for bankruptcy protection in January 2001, and substantially all of the assets and certain liabilities of TWA were subsequently acquired by American through the bankruptcy proceedings. TWA was integrated into American during 2001 and effectively ceased to be operated as a separately branded airline in December 2001.
- 13 Includes departures of Air Wisconsin, Atlantic Coast, Go-Jet Airlines, Mesa Air Group, SkyWest, and Trans States serving as United Express carriers.
- 14 Includes US Express. US Airways merged with America West in Sept 2005.
- 15 Vanguard started service December 2001. On July 30, 2002, Vanguard filed bankruptcy protection and subsequently ceased all operations at the Airport.

Source: City of Colorado Springs, Airport management records.

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
RECENT TRENDS IN TOTAL AIR CARGO  
For the years ended December 31, 1999-2008  
(unaudited)

Year	Total air cargo (tons)			Percent increase (decrease)
	Air Freight	Mail	Total	
1999	22,832	4,238	27,070	15.5%
2000	21,817	3,337	25,154	-7.1%
2001	19,767	2,221	21,988	-12.6%
2002	20,291	1,513	21,804	-0.8%
2003	18,161	527	18,688	-14.3%
2004	17,754	482	18,236	-2.4%
2005	16,568	157	16,725	-8.3%
2006	16,301	1	16,302	-2.5%
2007	13,475	0	13,475	-17.3%
2008	11,994	0	11,994	-11.0%

Source: City of Colorado Springs, Airport management records.

**Airport Revenue Bonds**

Fiscal Year	Applicable Revenues (A)	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
1999	20,772,344	10,924,981	9,847,363	2,170,000	3,956,267	1.61
2000	21,157,418	11,092,890	10,064,528	2,305,000	3,827,798	1.64
2001	22,791,117	11,906,465	10,884,652	2,445,000	3,687,998	1.77
2002	22,621,860	12,040,291	10,581,569	2,453,334	3,600,437	1.75
2003	22,289,621	12,967,319	9,322,302	2,000,855	3,652,705	1.65
2004	22,571,575	13,039,813	9,531,762	2,169,586	3,660,099	1.64
2005	22,648,070	13,216,784	9,431,286	2,167,466	3,660,882	1.62
2006	23,602,795	13,804,532	9,798,263	2,175,370	3,659,313	1.68
2007	23,855,188	14,722,292	9,132,896	2,101,895	3,546,516	1.62
2008	24,147,143	14,537,476	9,609,667	2,385,612	2,100,363	2.14

(A) Includes Prepaid Revenue Account balances for each year; the yearly amounts are:

1999-2001	\$1,534,476
2002-2007	\$1,458,671
2008	\$1,401,040

Colorado Springs Municipal Airport  
Colorado Springs, Colorado  
HISTORICAL NON-AIRLINE REVENUES  
For the years ended December 31, 1999 - 2008  
(Unaudited)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Terminal Building</b>										
Concession										
Food & Beverage	\$261,653	\$274,570	\$261,176	\$296,239	\$285,409	\$293,139	\$335,268	\$369,325	\$380,917	\$367,591
Retail	348,015	361,580	333,980	367,271	350,534	344,683	334,216	399,700	462,088	451,669
Advertising	148,654	167,650	212,649	185,378	178,774	167,367	168,961	181,018	193,627	174,220
Non-Airline Space Rental	173,959	176,346	153,215	178,666	251,448	308,223	457,597	485,955	514,791	533,190
Other	153,417	180,377	148,244	141,192	139,145	120,513	122,113	114,328	115,918	119,014
	<u>1,085,698</u>	<u>1,160,523</u>	<u>1,109,264</u>	<u>1,168,746</u>	<u>1,205,310</u>	<u>1,233,925</u>	<u>1,418,155</u>	<u>1,550,326</u>	<u>1,667,341</u>	<u>1,645,684</u>
<b>Terminal Area</b>										
Public Parking	6,011,228	6,131,834	5,600,105	5,699,910	5,427,189	5,513,116	5,442,666	6,066,711	6,256,899	6,097,045
Rental Car Fees and Rents	3,438,689	3,797,497	3,312,186	3,541,358	3,671,807	3,846,367	3,633,315	3,643,068	3,675,676	3,672,308
Ground Transportation Fees	120,772	135,165	109,825	106,690	100,090	98,940	104,819	102,917	96,578	104,305
Support Building Rentals	90,000	116,222	121,619	128,375	125,875	126,425	123,718	84,502	70,642	34,422
	<u>9,660,689</u>	<u>10,180,718</u>	<u>9,143,735</u>	<u>9,476,333</u>	<u>9,324,961</u>	<u>9,584,848</u>	<u>9,304,518</u>	<u>9,897,198</u>	<u>10,099,795</u>	<u>9,908,080</u>
<b>Airfield Area</b>										
Fuel Farm Rentals	23,540	23,611	23,576	23,576	23,576	25,443	25,443	25,443	25,443	25,443
Remain Over Night	125	7,270	(5,600)	425	100	-	200	238,500	130,650	80,100
Diversion Landing Fees	17,010	28,448	43,885	29,847	83,675	31,329	59,561	31,447	19,007	23,686
	<u>40,675</u>	<u>59,329</u>	<u>61,861</u>	<u>53,848</u>	<u>107,351</u>	<u>56,772</u>	<u>85,204</u>	<u>295,390</u>	<u>175,100</u>	<u>129,229</u>
<b>Fountain Site</b>										
Ground & Building Rentals	63,585	76,132	58,582	40,382	44,419	186,011	197,879	202,192	128,717	149,832
Utility Reimbursements	-	-	-	20,737	28,482	33,979	45,923	32,145	19,725	-
	<u>63,585</u>	<u>76,132</u>	<u>58,582</u>	<u>61,119</u>	<u>72,901</u>	<u>219,990</u>	<u>243,802</u>	<u>234,337</u>	<u>148,442</u>	<u>149,832</u>
<b>Aviation Support</b>										
Fuel Sales	374,624	429,768	873,269	436,601	517,231	609,503	854,894	913,206	932,994	1,407,581
Ground and Building Rentals	278,390	327,538	343,029	356,550	390,716	625,761	512,070	526,864	605,327	686,804
Airfield	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
	<u>653,014</u>	<u>757,306</u>	<u>1,216,298</u>	<u>793,151</u>	<u>907,947</u>	<u>1,235,264</u>	<u>1,366,964</u>	<u>1,440,070</u>	<u>1,538,321</u>	<u>2,094,385</u>
<b>Business Park Phase I</b>										
Ground & Building Rentals	-	-	-	-	-	-	-	-	39,330	169,652
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,330</u>	<u>169,652</u>
<b>Administrative</b>										
Miscellaneous	44,759	20,063	102,217	104,526	45,003	145,328	124,817	67,114	212,143	189,309
Late Fees	-	58,367	36,696	25,069	13,196	12,825	15,871	19,132	32,130	52,426
TSA Reimbursement	-	-	-	-	-	19,758	-	-	-	-
CSC Group Support Reimbursement	-	128,200	128,455	44,044	-	-	-	-	-	-
Fingerprinting	-	-	-	12,375	5,635	10,535	15,435	13,755	20,745	18,675
	<u>44,759</u>	<u>206,630</u>	<u>267,368</u>	<u>186,014</u>	<u>63,834</u>	<u>188,446</u>	<u>156,123</u>	<u>100,001</u>	<u>265,018</u>	<u>260,410</u>
<b>Total Non-Airline Revenues</b>	<u>\$11,548,420</u>	<u>\$12,440,638</u>	<u>\$11,857,108</u>	<u>\$11,739,211</u>	<u>\$11,682,304</u>	<u>\$12,519,245</u>	<u>\$12,574,766</u>	<u>\$13,517,322</u>	<u>\$13,933,347</u>	<u>\$14,357,272</u>

Source: City of Colorado Springs, Airport records, except as noted.  
1999-2008 Airline Rates and Changes Settlement Accrual, Exhibit F-6.